



Daily Report

China

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22 September 1995

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General

Further on Foreign Ministry News Conference

Comments on Jiang-Clinton Meeting

HK2209073895 Hong Kong TA KUNG PAO
in Chinese 22 Sep 95 p A2

["Special dispatch" from Beijing on 21 September:
"Chen Jian on Fourth Sino-U.S. Joint Communiqué and
Jiang's Visit"]

[FBIS Translated Text] If the United States does not agree to signing a fourth Sino-U.S. joint communiqué on forbidding Taiwan officials visiting the United States, will Jiang Zemin meet with Clinton all the same? A Hong Kong reporter posed that question at the Ministry of Foreign Affairs news conference today.

Chen Jian said: China and the United States are two powers in the world today, and constant contacts and meetings between their leaders are helpful; the United States has made that point on several occasions, while China and the United States share a common understanding on that point. However, if the Chinese and U.S. leaders are to meet at this particular moment, it is precisely necessary for them to correctly handle the Taiwan issue. On that issue, the Chinese side has repeatedly pointed out: He who creates a problem should be the one to solve it. It is imperative for the U.S. Government to take down-to-earth action to eradicate the grave effects resulting from Li Teng-hui's visit to the United States so that Sino-U.S. relations will continue to take the road of improvement and development, while creating a favorable atmosphere for a meeting of the leaders of the two countries. He said: Vice Foreign Minister Li Zhaoxing has already left for Washington yesterday, and will negotiate with the U.S. deputy secretary of state. Following that, the Chinese vice premier and concurrently minister of foreign affairs and the U.S. secretary of state will also hold a meeting in New York. Such being the case, the content, time, and place of a meeting between the leaders of the two countries are still under negotiation.

With respect to the question of whether or not the Chinese side would sign a fourth joint communiqué with the United States with the content that no senior Taiwan officials be allowed to visit the United States, the spokesman answered: The Taiwan issue is an issue involving an important principle between China and the United States as well a matter of important principle set out in the joint communiqués. This is the foundation for the continuous development and improvement in Sino-U.S. relations. The U.S. side has recently stated that it will observe the principle in the three joint

communiqués as well as the one-China principle, and oppose Taiwan independence and Taiwan entering the United Nations. What should be done now is precisely to convert its commitments into practical actions to guarantee future smooth progress in Sino-U.S. relations and prevent a repetition of past great ups and downs. Our demand complies with the basic interests of the smooth progress in Sino-U.S. relations.

World Bank President Meets Central Leaders

Meets Jiang Zemin

OW2109105995 Beijing XINHUA in English
1049 GMT 21 Sep 95

[FBIS Transcribed Text] Beijing, September 21 (XINHUA) — Chinese President Jiang Zemin told visiting World Bank President James Wolfensohn here today that China attaches much importance to its cooperation with the World Bank.

Jiang said that prospects are promising for the cooperation in the fields of aiding poverty-stricken areas, agriculture, environmental protection, infrastructural facilities, development of human resources between China and World Bank.

The cooperation between China and the World Bank over past 15 years has been very effective, Jiang said, adding that as a developing country, China is facing an arduous task in developing economy and fighting against poverty.

The World Bank's support to China in reducing poverty itself is a major contribution to the world development, the president said.

As a special UN organ responsible for addressing the issue of development, the World Bank has played a positive role in pushing forward the economic development and reduction of poverty in developing countries over the past 50 years, which, Jiang said, is well demonstrated by its successful cooperation with China.

Wolfensohn, invited by the Ministry of Finance, said that he was much impressed by what he had seen during his stay here, the first visit he had made since he became the World Bank's president.

Expressing his satisfaction with the efficiency of the cooperative projects between the World Bank and China, Wolfensohn said that he hoped such cooperation would be furthered.

Meets Chen Junsheng*OW2109115595 Beijing XINHUA in English
1113 GMT 21 Sep 95*

[FBIS Transcribed Text] Beijing, September 21 (XINHUA) — Chinese State Councillor Chen Junsheng said here today that the Chinese government is resolved to realize its goals set forth in a major project of help the poor.

In a meeting with James D. Wolfensohn, president of the World Bank, Chen, also head of the Leading Group of Poverty Alleviation and Development under the State Council, briefed Wolfensohn on China's efforts in helping the poor.

Chen said China achieved major progress in this field from 1985 to 1992 and people in the poverty-stricken area were benefited. However, problems still remained and by the end of 1992, over 80 million people still did not have enough food and clothing and lived under the absolute poverty line.

Under this situation, Chen said, the Chinese government formulated and started in 1994 to implement the current state project to assist the 80 million people in having sufficient food and clothing within seven years before the year 2000.

In order to complete this project, Chen said, exchanges and cooperation with the World Bank and other international organizations are necessary in addition to China's own efforts.

The State Councillor spoke highly of the good cooperative ties between China and the World Bank, who decided recently to invest 250 million US dollars in poverty alleviation projects in southwestern part of China.

Chen said he hopes the world Bank would continue to support China's project to help the poor.

Wolfensohn told Chen that the World Bank is to do its best to help China to achieve its goals in poverty alleviation.

He said the World Bank [WB] participated project in southwest China, despite the difficulties, is a reformative and innovative project, which can become a model of poverty relief in developing countries if it is successful.

Wolfensohn said he was proud of and pleased with the positive cooperation and partnership ties between the World Bank and China, adding that the World Bank will give priority to the WB-funded Qin-ba (namely China's Qinling and Daba mountain areas) Poverty Alleviation Project in its project arrangement next year.

World Bank President Says IDA Funding To Continue*OW2109171195 Beijing XINHUA in English
1505 GMT 21 Sep 95*

[FBIS Transcribed Text] Beijing, September 21 (XINHUA) — China should continue to get funds from the International Development Association (IDA), the World Bank's lending arm, the bank's president, James Wolfensohn said here today at a news conference.

Because it still has a large population living in extreme poverty, China should be entitled to IDA funds designed to assist the poor in third world countries, Wolfensohn said, adding that the exact amount to China should be decided by the executive board of the Bank, but "we should continue with the lending program."

"China will put up most of the resources needed to raise these people out of poverty, but financial and technical assistance from the international community will continue to be needed for some time to come," he explained.

IDA loans to China, one of 80-plus recipients of the funds, amounted to over eight billion US dollars by the end of June, according to the Bank's mission in China.

The World Bank will continue to work with the Chinese government on infrastructure, agriculture, water conservation, power, finance system reforms, education, science, and technology, the president noted, "We'll continue to be part of that mission."

He also said that he appreciated the effort China has made to control inflation, and added that China's achievement in this area is "very obvious."

He told the Chinese and foreign reporters present that he believes that inflation in China will go down to some 15 percent by the end of this year and still lower next year, while economic growth for the next couple of years will be somewhere between eight to 10 percent annually.

The international financial body has assisted 159 Chinese projects in almost all parts of the country, with loan commitments adding up to 23 billion US dollars, according to Wolfensohn, and current loan commitments to China stand at three billion US dollars annually, making China the Bank's largest borrower since 1993.

"The quality of our project portfolio in China is among the best we have in over 100 borrowing countries," said Wolfensohn, who has attended the UN Fourth World Conference on Women and inspected World Bank-financed projects in Gansu, Henan, and Shaanxi provinces and Shanghai Municipality.

Editorial Views Foreign Reporting on Conference
HK2209094795 Hong Kong WEN WEI PO in Chinese
11 Sep 95 p A2

[Editorial: "Western Media's Prejudices as Viewed From World Women's Conference"]

[FBIS Translated Text] The Fourth World Conference on Women, together with the parallel Forum of Non-Governmental Organizations (NGO), is the largest international conference China has ever organized and also the largest ever conference in the history of the United Nations. It is an important milestone in developing undertakings for women.

Regrettably, however, some Western media units showed a strong bias against the current World Conference on Women, especially the NGO Forum. Their distorted reports not only greatly deviated from the conference's priorities of "equality, development, and peace" but also violated the principle that any report must be impartial and reliable. It is necessary to expose them and clarify the facts.

One, they said that the Chinese Government "resisted and made things difficult for" women's organizations of various countries which were to attend the conference, and to prove this they played up the long queues outside the Chinese Embassy in Washington and the Chinese Consulate in New York. But since China was keen on hosting the conference and devoted a lot of human, material, and financial resources to ensure that the conference would proceed smoothly, for what reason would it "resist and make things difficult" for women representatives to the conference? Reports in the Western media are illogical in themselves. The long queues of applicants for entry visas only indicated the large numbers of people willing to attend the conference. In fact, there are long queues outside the U.S. Consulate General in Hong Kong in the heavy tourist season. It is absurd to cite the long queue to prove China "resisted and made things difficult for" women representatives to the conference. As a matter of fact, about 40,000 women attended the conference, including 26,000 attending the NGO Forum. Among the participants were lesbians, prostitutes, and representatives from AIDS organizations. In addition, some were Taiwan women and Tibetan women residing abroad. Their applications were granted and they had no difficulties attending the conference. Even members from "Amnesty International," which has held an inveterate prejudice against China, and Tibetan followers of the Dalai Lama, were on hand at the NGO Forum. Evidently China did not "resist and make things difficult for" any women's organization from any foreign country which was to attend the conference. On the contrary,

China welcomed every participating organization and representative with great enthusiasm and magnanimity.

Two, Western media unreasonably found fault with the site of the conference and the facilities. But this was forcefully refuted and clarified. Deputy secretary general of the United Nations Gitaney pointed out that the facilities in Beijing, where the World Conference on Women was held, and in Huairou, where the NGO Forum was held, are by no means inferior to those of a few first-class conference sites in the world. Ms. Mongella, secretary general of the current World Conference on Women, said that Huairou is as good a site as the women's forum on the world has ever had. Women representatives from various countries were also very satisfied with the facilities and services provided. Evidently the Western media's unreasonable charges were untenable.

Three, Western media said that Chinese public security officers "restricted, monitored, harassed, and beat women representatives and reporters." This is a lie. China sent a number of police to the conference sites to ensure that meetings would proceed as scheduled and to protect representatives from attack. Whenever the Olympic Games are held, tight security is imposed and the packages of every attendee are inspected. When the World Cup Soccer Tournery is under way, special precautionary measures, including videotaping, are taken against foreign fans who have made trouble. All this is appreciated by the public. Women representatives from various countries spoke highly of the social stability and civilized social climate in China and acquired a deep impression from the civilized and polite manner of Chinese public security officers and other working staff. It was entirely in line with international practice for China to delimit an exclusive demonstration area, and this was not a measure to restrict or monitor demonstrators. It was also normal for Chinese public security officers and working staff to advise and stop representatives from staging demonstrations outside the demonstration area. In fact, during the NGO Forum, various women's organizations often held demonstrations in the designated area and Chinese working personnel never stopped them.

Four, Western media attacked China by covering up facts and cooking up false stories. For instance, when Mrs. Hillary Rodham Clinton was about to make a speech at the scheduled meeting place in the Huairou No. 1 High School, the U.S. side suddenly shifted the venue from a sports ground which can accommodate an audience of 10,000 to a meeting place which has only 1,000 seats, causing confusion and dissatisfaction of most representatives and reporters who were denied admission. But some Western media said: "China sud-

denly changed the venue to restrict the size of the audience, causing confusion and dissatisfaction." This is a report which completely confounds black and white. Again, Western media played up the lies spread by several Tibetan women residing abroad, who unfoundedly claimed that women in Tibet were deprived of human rights and freedom. These media, however, refused to report the vivid and genuine description of women's happy life in Tibet given by women representatives from Tibet. Western media also deliberately hid the fact that several Tibetan women could not speak Tibetan and were manipulated and controlled by foreigners. All these tactics of covering up the truth and seizing opportunities to attach China clearly reveal the immorality of some Western media units.

Western media reports were also ridden with the pride and prejudice of cultural imperialism. The numerous distorted [wai qu 2977 2575] reports in the U.S. press on Chinese women's status were compatible [pei he 6792 0678] with Hillary's position [as published]. In these reports, no voice of women representatives from the large numbers of developing countries was available. These reports also did not mention that the present women's status in developing countries was due to poverty and backwardness brought about by imperialist aggression and colonial rule. Again, while mentioning casually the demonstrations against the United States by women representatives from developing countries during the congress, Western media widely reported how some Western organizations such as the organizations of lesbians and prostitutes imposed their values on others, clearly demonstrating their desire, namely their mentality of cultural imperialism, to impose Western values upon others.

Western media's distorted reports can never cover up the facts. Just as the deputy secretary general of the United Nations pointed out: "China, a great country, has scored eye-catching successes in the social, economic, and cultural fields. This will have a positive effect on other countries in the world in various respects."

United States & Canada

Envoy Said To Return To U.S. in Early Oct

HK2:09052395 Hong Kong LIEN HO PAO in Chinese 22 Sep 95 p 8

[Report by reporter Tseng Hui-yen (2582 1979 3601): "Li Daoyu Is Expected To Return to His Post in the United States in Early October"]

[FBIS Translated Text] New York, 21 Sep (LIEN HO PAO) — A well-informed source from mainland diplomatic circles indicated that with the relaxation of Sino-U.S. relations and the imminent visit of mainland

state President Jiang Zemin to the United States in the coming October, Li Daoyu, PRC ambassador to the United States, is expected to return to the United States in early October to make preparations for Jiang Zemin's attending the UN meeting to commemorate the 50th anniversary of its founding and the summit meeting with U.S. President Clinton.

The source said that the mainland authorities had originally planned to let Li Daoyu return to the United States on the eve of the convocation of the UN Assembly in September. However, because some U.S. congressmen set forth a bill on supporting Taiwan's joining the United Nations in the spirit of "splitting the country", the Chinese side believed that such action "is a rough trampling on the UN Charter, and grave violation of China's sovereignty," and was sure that some people wanted "to add new trouble and hurdles to Sino-U.S. relations." Should Li Daoyu have been allowed to return to the United States at such a juncture, Beijing thought that it would have made it lose face; thus Li's return being postponed to early October.

Editorial Warns Against U.S. Meddling in Hong Kong

HK2209062595 Hong Kong WEN WEI PO in Chinese 21 Sep 95 p A2

[Editorial: "United States Has No Right To Interfere in Hong Kong Politics"]

[FBIS Translated Text] In the current Hong Kong Legislative Council [Legco] election, not only did the United States send people to Hong Kong to "monitor" the election, but U.S. State Department spokesman Nicholas Burns even more openly interfered in Hong Kong's political affairs, saying that the United States hopes the elected Legco members' "term of office straddles 1997."

Hong Kong is not a state of the United States, but why should the United States, posing as an overlord, send people to "monitor" the election and make indiscreet remarks about the term of office? This can only lay bare the U.S. political ambition to meddle in Hong Kong and its unreasonable attitude of attempting to disrupt China's efforts to resume exercise of sovereignty over Hong Kong in 1997.

Hong Kong's post-1997 political affairs are China's internal affairs, and the direction of Hong Kong's political development has been stipulated by the Basic Law of the Hong Kong Special Administrative Region [SAR] of the PRC. State sovereignty brooks no foreign interference. Foreign governments have no right to demand that China make changes beyond China's

constitution. As in the case of the U.S. president's term of office which expires in 1996, foreign governments have no right to demand that the United States extend its president's term of office on the excuse that "the president is elected by U.S. voters."

The handover of Hong Kong's political power in 1997 is not an ordinary shift of government term but an implementation of the Sino-British Joint Declaration, under which the Chinese Government resumes sovereignty over Hong Kong and China sets up the Hong Kong SAR. Article 3 of the joint declaration stipulates that it is necessary to "uphold national unity and territorial integrity" and "to establish a Hong Kong SAR in accordance with the provisions of Article 31 of the Constitution of the PRC," and that "the Hong Kong SAR will be directly under the authority of the Central Peoples' Government of the PRC." Therefore, the term of office of the British Hong Kong Government's administrative institutions will terminate along with the end of its administrative rule on 1 July 1997. Britain has no right to extend the British Hong Kong Government structure into the SAR, and naturally Legco's term of office cannot extend beyond 1 July 1997. If the term of office of the British Hong Kong Legco, which is constituted according to "Letters Patent" and Royal Instructions, can unilaterally go beyond 1997, then cannot the term of office of Chris Patten as a chief executive be extended beyond 1997? This is naturally in breach of the joint declaration.

Annex II of the Sino-British Joint Declaration stipulates that matters relating to the handover of political power and measures for a smooth transition should be solved through deliberations and consultations at the joint liaison group and that, if there is a disagreement, they can be referred to the two governments for solution through consultations. On the question of the 1994-95 elections, China and Britain held 17 rounds of talks but the British side suddenly terminated the talks, dismantled the through train, formulated election rules and regulations on its own, and refused to converge with the Basic Law. For this reason, the term of office of Legco, which is constituted unilaterally by the British side, will terminate along with the end of the British Hong Kong administrative rule on 30 June 1997. The so-called "four years' term of office" and "straddling 1997" are totally without legal ground. We should like to ask Mr. Burns, when Clinton's term of office ends in 1996, will not the term of the power structure he set up come to an end simultaneously?

The Legco of the Hong Kong SAR must be constituted according to the constitutional document, i.e. the Basic Law. Its organizational structure and the qualifications of its Legco members should also conform to the

requirements of the Basic Law. The structure of the British Hong Kong Legco is totally incompatible with the provisions of the Basic Law, and the 10 seats elected through the Election Committee were not elected by the selection body composed of people from four sectors, as laid down in the Basic Law. The election by the new nine functional constituencies was not at all Hong Kong's original functional constituency election but a direct election in disguised form. Britain has not reached agreement with the Chinese side on voting methods in direct election, which is incompatible with the provisions in Annex II of the joint declaration. Therefore, in legal principle the British Hong Kong Legco cannot become the SAR Legco.

Based on those legal reasons, the Chinese National People's Congress Standing Committee made a decision on 3 August 1994 that the last British Hong Kong Legco will terminate on 30 June 1997 and the first Hong Kong SAR Legco will be established by the Preparatory Committee of the Hong Kong SAR according to the relevant decisions of the National People's Congress. Any independent sovereign state has the right to establish a local government. Could the British colonial authorities have set up all the state governments and state legislatures, extended their term of office, and then compelled the United States to accept them after it declared independence? The historical fact is that the United States conducted another election by itself to form its own state governments and state legislatures and threw the colonial legislatures onto the rubbish heap of history. If Burns reviews the U.S. Constitution and the Declaration of Independence, he will realize that his remark is completely unreasonable. The Americans have always pursued a double standard. They talk glibly about "human rights" but refuse to sign the International Convention on Human Rights on the ground that the signing of the human rights convention will damage its full state administration right. They put sovereignty in the first place. That is why the United States would rather not sign the human rights convention. But in its foreign policy, the United States frequently ignores the UN Charter and the sovereignty of other countries.

Since the United States pays so great attention to state sovereignty, can the Chinese people afford not to cherish their own state sovereignty? Absolutely not. The Chinese people will not let the Basic Law be encroached upon nor will they agree to U.S. intervention in Hong Kong SAR affairs. The United States has stretched its hand too far; it must draw back its hand.

Editorial Says U.S. 'Must Not Intervene' in Hong Kong*HK2209065095 Hong Kong TA KUNG PAO
in Chinese 21 Sep 95 p A2***[Editorial: "The United States Must Not Intervene in Hong Kong Affairs"]**

[FBIS Translated Text] Some days ago the U.S. State Department spokesman made carping comments on Hong Kong's Legislative Council elections, saying the United States "is concerned about" "the future of the Legislative Council" and that China should "allow" these newly elected legislators to serve after 1997.

Clearly, this was inspired by Chris Patten.

After the results of the "17 September" Legislative Council elections were published, Patten repeatedly went on television to make speeches. While rolling logs for Martin Lee and his Democratic Party, saying that "the Democratic Party led by Lee reflects the values agreed upon by the majority in society" and that "the election results are more satisfactory than the most optimistic estimate of the Democratic Party," he called on the "international community to respect the results" and servilely hoped international forces would interfere with Hong Kong affairs, in an attempt to apply pressure upon the Chinese side so that the last legislative council under British rule will function after 1997.

Before 1997, Hong Kong is an issue between China and Britain. No interference from a third party is allowed. After 1997, it is purely China's internal affair and no country has the right to intervene. By making thoughtless remarks the spokesman went against international practice and interfered with China's internal affairs.

According to the Sino-British Joint Declaration, the PRC will restore its sovereignty over Hong Kong and the United Kingdom Government will hand Hong Kong back to China on 1 July 1997. When British colonial rule over Hong Kong comes to an end, the "Letters Patent" and the "Royal Instructions" will accordingly become invalid and the relevant political structure stop functioning. It is right and proper for the last legislative council under British rule to close on 30 June 1997.

To ensure smooth transition, the Chinese side has honored the agreement and understanding reached with the British side and firmly followed the principle of convergence with the Basic Law. In addition, it made arrangements for the "through train" in the resolution adopted by the National People's Congress [NPC] held on 4 April 1990 on the formation of the Hong Kong Special Administrative Region's first government and first legislative council, clearly setting down the

conditions for members of the last legislative council to ride the through train to the post-1997 legislature.

Patten, however, vigorously promoted his constitutional reform package which violated the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreement and understanding reached between China and Britain, under the excuse of expanding democracy. At that time both the Chinese side and various sectors in Hong Kong criticized Patten and hoped Hong Kong's political restructuring would converge with the Basic Law and that there would be a through train. Followers of Patten stood in firm opposition to the initiative, saying "convergence" was Hong Kong's "enemy" and the through train was "a red pig-carrying train heading for hell." As a result, the motion favoring smooth transition and convergence with the Basic Law was turned down in the Legislative Council.

Under the circumstances, the Chinese side still continued talks with the British side on 1994 and 1995 elections. The talks, in essence, were to settle the problem concerning the "through train" so that the last legislative council could function after 1997 under the required conditions.

During the talks, the Chinese side made considerable concessions, its sincerity and patience being obvious to all. But the British side was bent on having its own way and placed obstacles to the talks in every way. Consequently, the negotiations broke down, making the through train impossible, arousing strong dissatisfaction among Hong Kong people.

Given the situation, the NPC standing committee, on the suggestion of Hong Kong deputies and after adequate discussions, adopted a resolution on reorganizing the three-tier legislature in accordance with the Basic Law and the NPC's relevant regulations.

If one thumbed through Hong Kong newspapers, one would know that the XINHUA Hong Kong branch, the State Council Hong Kong and Macao Affairs Office, and the Foreign Ministry spokesman repeated this position of the Chinese side on many many occasions. To break the illusion spread by Patten, Chinese officials made it clear once again before candidates entered their names that regardless of the election results, the last legislative council under British rule is to stop functioning and the three-tier structure must be reorganized after 1997.

Someone said that the Chinese side announced its decision to disband the newly formed legislative council after knowing the election results. Such an argument was deliberately designed to mislead local people and create confusion. The Chinese side's position on the last legislative council has been consistent before and after

the elections and it is also a correct position. This is because it is out of the question in the first place for a legislature of a political power to continue functioning under another political power of a different nature. There is no such precedent in the world. The proposed through train has been ruined by the British side and the preconditions for the through train are unavailable. The last legislative council elections were held in accordance with Patten's unilateral "three violations" program and the formation of the last legislative council, though a considerable number of people cherishing love for the country and Hong Kong were elected to it, did not agree with relevant regulations in the Basic Law. Evidently, there is no legal basis whatsoever for the last legislative council to function after 1997.

The United States "is concerned about the fate of the Legislative Council" simply because they believe "Hong Kong people entirely reject pro-Beijing candidates and so allowed the political party led by one called 'subversive' and 'reactionary' by Beijing to come out with flying colors in the elections." (a U.S. newspaper's editorial) Evidently, they miscalculated the situation again.

In the last few months, the United States allowed Li Teng-hui to visit to disrupt cross-strait ties; later Clinton had an interview with the Dalai Lama to intervene in the Tibet issue; and now they interfere with Hong Kong affairs to prevent Hong Kong's smooth transition. Their domineering really arouses indignation among Chinese people.

U.S. Aid Cuts Criticized by Bank Head

MS2209090495 London FINANCIAL TIMES
in English 22 Sep 95 p 4

[Report by Tony Walker, in Xian, China, and George Graham in Washington, incorporating comments by James Wolfensohn, president World Bank: "World Bank Chief Fears Big Cuts By Congress"]

[FBIS Transcribed Text] Mr James Wolfensohn, the new president of the World Bank, does not mince words when it comes to discussing moves by the US Congress to limit funding to the International Development Association [IDA] the bank's "soft loan" window.

"This is the greatest challenge to development assistance in years," he says. "Were IDA funding to be reduced the whole field of development would be in turmoil and it could not be fixed by borrowing from the IBRD (the International Bank of Reconstruction and Development, which lends at market rates)."

The IDA issue is very much on Mr Wolfensohn's mind as he completes his first 100 days in office, having

visited 24 countries in Africa, Europe, Latin America, the Middle East and Asia.

He may have begun the journey as an advocate of development assistance and IDA's role in it, but now could be described as a true believer after touring World Bank projects in China, including water conservancy schemes in some of the country's poorest areas.

The Chinese government has regarded his visit as a matter of importance — a meeting between Mr Wolfensohn and President Jiang Zmin yesterday was the lead item on the national television news.

"It is evident to me that the bank is involved in an extraordinary number of very important projects and that in most of the countries I've visited these are poverty-related and environment-related. These are projects which do incredibly well, notwithstanding a rather large background noise of criticism," Mr Wolfensohn.

It is this criticism of the World Bank, with its 11,000 employees, as bloated, profligate and ineffective in helping to close the gap between haves and have-nots that Mr Wolfensohn will be obliged to address in his arguments for maintaining donor contributions.

These are not easy times for Mr Wolfensohn. The World Bank is under pressure from all sides on issues ranging from debt forgiveness for the poorest nations to calls for a significant reduction in staff numbers: something Mr Wolfensohn delicately refers to as "right-sizing" the institution.

"I think many people are expecting from me some instant assessment of the bank, but when you think about it, that's not very reasonable... Of course, I've got some hypotheses, but I've got to test them. So, I'm not ready to do anything, although there's enormous expectations and pressure that I do," he said.

However, on the issue of IDA funding, Mr Wolfensohn can hardly avoid joining battle. While the IDA is perennially under threat, the budget-cutting mood of the Republican-dominated US Congress is such that the risk of cuts in concessionary assistance is now much greater.

The US seems likely to fall well short of meeting its commitment of \$3.75bn to the three-year IDA 10 replenishment which includes fiscal 1996, and there is grave doubt whether it will maintain funding at those levels for IDA 11 of 1997-1999.

In fiscal 1995, which ended on June 30, the World Bank's lending commitments to developing countries totalled \$22.5bn, of which IDA accounted for \$6.6bn. The bank's lending was up about 8 per cent on last year.

Mr Wolfensohn fears that if Congress has its way, the US will cut its contributions in 1996 by a third to \$775m, prompting other donors to lower their pledges proportionately.

"If that were to occur and others were to follow, which is probable, you'd have not \$6bn next year but \$4bn, and you'd have to wonder what happens to IDA," he says.

These issues, including the future of the IDA 11 replenishment, will be canvassed at a meeting of IDA deputies at next month's World Bank/IMF meeting in Washington.

Also under discussion will be the vexed question of whether to narrow the circle of borrowers to exclude China, whose rapid economic development is lifting it out of the category of poorest nations deserving of IDA assistance, according to the World Bank's own threshold of \$600 a head average annual income.

But Mr Wolfensohn appears determined to fight for China's IDA funding, at least for the life of the next replenishment.

"There's a strong desire on the bank's part to help China on a declining basis until the time it becomes a contributor to IDA... I think they have a real problem with 100m people living on less than a dollar a day, and if we can help them get through it I would like to do it," he says. "Now if our shareholders direct me otherwise I may not be able to do that."

IDA assistance to China — typical repayment terms are for a 35 to 40 year period with no interest, no repayments for the first 10 years and a 0.5 per cent annual service charge — reflects the proportion of such concessionary assistance made worldwide.

About 30 per cent of China's total \$22bn loans from the World Bank is IDA money. The bank is China's largest single source of foreign capital and, in terms of annual commitments, China is the bank's largest borrower.

Anxious about continued access to IDA funds, the Chinese would have been encouraged by Mr Wolfensohn's observations after visits to development projects in arid regions of China, including the giant \$3bn Xiaolangdi conservancy programme which is aimed at better managing the waters of the Yellow river to benefit some 103m people on the North China plain.

"I think their (China's) use of the money is extraordinarily good, and in terms of the returns that they get, there is nowhere in the world that better executes projects which we agree on... But there is an overriding question about the availability of funds from IDA, and that applies to everybody," he said.

Northeast Asia

DPRK Said To Charge \$1,500 to Briefing Participants

SK2109122095 Seoul YONHAP in English
1059 GMT 21 Sep 95

[FBIS Transcribed Text] Beijing, Sept. 21 (YONHAP) — North Korea is being frowned at as it charges as much as 1,500 U.S. dollars to each of those individuals or industries attending a briefing it holds on investment in the Najin-Sonbong free economic and trade zone on Sept. 22-23 here in Beijing.

The North's committee for promoting external economic cooperation has been inducing attendees through the World Choice International Inc. based in Hong Kong.

The committee says that in addition to briefing on conditions for investment in Tumen River basin development as well as in the Najin-Sonbong zone, some North Korean and international experts would give lectures during the session.

The speakers will be Kim Chong-u and Yim Taetok, committee's chairman and vice chairman, and officials and experts from the UN Development Program (UNDP) and the UN Industrial Development Organization (UNIDO), a committee official said.

Observers here, however, predict there would be hardly anything new in the briefing. "We suspect the briefing would only reiterate what have been already been known," one of the North Korea watchers said.

The committee goes so far as to offer a bait in their policy to lure as many attendees as possible. "If any attendees wish, we will arrange their exclusive meetings with committee Chairman Kim Chong-u," the committee official said.

The observers say that the briefing is aimed primarily at South Korean businessmen posted in Beijing, who are eager to secure some North Korean connection for business with the unexplored and seemingly lucrative market of North Korea.

"Personally I am not interested in the briefing. But, we are afraid that if we boycott it, our head office in Seoul would chide us for missing an opportunity to get some North Korean links," a South Korean businessman here said.

Tourism Administration Delegation Visits DPRK

SK2109143795 Tianjin People's Radio in Mandarin
2300 GMT 20 Sep 95

[FBIS Translated Text] Headed by Su Baocong, vice chairman of the Tianjin Municipal People's Congress

Standing Committee, the 15-member friendship DPRK-visiting delegation of the PRC National Tourism Administration left Tianjin by train on 20 September for a visit to the DPRK.

ROK Premier Meets Friendship Association Chairman

SK2109133695 Beijing China Radio International in Korean 1100 GMT 21 Sep 95

[FBIS Translated Text] On the afternoon of 19 September in Seoul, ROK Prime Minister Yi Hong-ku met Chairman Qi Huaijun of the Chinese People's Association for Friendship With Foreign Countries and his entourage, and expressed that he supports the continued strengthening of cooperation and exchange between the ROK-China Friendship Association and the Chinese People's Association for Friendship With Foreign Countries.

During the meeting, Prime Minister Yi Hong-ku said that since the establishment of diplomatic relations between the two countries three years ago, relations between the two countries brought about rapid development. He also said that when he had visited China in May, he received an enthusiastic welcome and the visit ended in success.

Prime Minister Yi also stated that, recently, China successfully hosted the world women's congress.

Southeast Asia & Pacific

Australian Trade Minister Meets Li Lanqing

Discusses Ties

OW2109130895 Beijing XINHUA in English 1153 GMT 21 Sep 95

[FBIS Transcribed Text] Beijing, September 21 (XINHUA) — Chinese Vice-Premier Li Lanqing met with Australian Trade Minister Bob McMullan and his party here this evening.

Li said that Sino-Australian economic and trade cooperation has witnessed a fast increase since McMullan's China tour last year. He expressed the belief that the minister's current China visit would promote further the bilateral trade ties.

Briefing the visitors on China's economic situation, Li said that there exist four basic conditions for the sustained growth of China's economy, namely, the reform and opening up policy, the remarkable progress in China's infrastructure over the past 16 years, the great number of talents in economic construction and the experience in developing economic and trade ties with countries around the world.

Through the effective macro-control policy adopted by the Chinese government, the inflation caused by a too-fast economic growth has been checked, Li noted, adding that the inflation rate this year could be controlled below 15 percent.

The vice-premier said that China would focus on raising the economic efficiency and put agriculture on top priority in the development of its national economy.

McMullan said that the bilateral relations in various fields have been enhanced. The two countries' economies are complementary, he noted, adding that he is optimistic about the prospect of Australia-China economic and trade ties.

Views Differences Over APEC

BK2209055195 Melbourne Radio Australia in English 0100 GMT 22 Sep 95

[FBIS Transcribed Text] Federal Trade Minister Bob McMullan says China and Australia have very different opinions on the future development of the Asia-Pacific Economic Cooperation [APEC] grouping. Senator McMullan made his comments after talks in Beijing with his Chinese counterpart.

China, Japan, [word indistinct], and South Korea have made it known that they are now opposed to comprehensive free trade in the Asia-Pacific region, as they want the agriculture sector excluded from any free trade pact. That is despite APEC leaders agreeing last year to bring down all trade barriers by the year 2020.

Sen. McMullan said the issue might not be resolved until APEC leaders meet in Osaka later on this year:

[Begin McMullan recording] If we took the proposal from the least ambitious country, we still have a lot of trade liberalization in the region and a lot of benefit. But to be getting the full benefit from the Bogor commitment about free trade and investment in the region, we need to go further. [end recording]

Comments on Detained Businessman

BK2209073995 Melbourne Radio Australia in English 0500 GMT 22 Sep 95

[FBIS Transcribed Text] A verdict is now imminent in the case of an Australian businessman who has been detained by Chinese authorities for almost two years. Federal Trade Minister Bob McMullan, who is currently in China, has announced that Chinese authorities have told him a verdict on James Peng's case will be delivered next week.

China correspondent Camille Funnell reports the news has been welcomed by Mr. Peng's family:

[Begin Funnell recording] Senator McMullan described the latest development as welcome news. The minister had earlier warned Beijing continued delays in the case of James Peng was hurting relations between Australia and China. Mr. Peng's trial on embezzlement charges was held last November, almost a year after he was first detained by Chinese authorities.

He wife, Lina Peng, who is living in Hong Kong with her three children, says she hopes next Thursday's court appearance will allow her husband to protest his innocence of the charges of embezzlement. [end recording]

Expresses Concern Over Nuclear Tests

*BK2109135695 Hong Kong AFP in English
1340 GMT 21 Sep 95*

[FBIS Transcribed Text] Beijing, Sept 21 (AFP) — Australia's Trade Minister Bob McMullan on Thursday expressed concern over China's nuclear tests, reiterating his country's opposition to the programme.

McMullan told journalists he had brought the matter up during talks in the afternoon with Chinese Vice Premier Li Lanqing.

"Australian people would expect me to raise this issue," he said.

"I expressed our concern about anybody conducting nuclear tests and urged China to commit itself to the comprehensive test ban treaty," he added.

McMullan said that during talks with Li, "there was an indication of a commitment to the Comprehensive Test Ban Treaty (CTBT)."

"We welcomed that but we will continue to oppose their nuclear testings."

At the beginning of this year China conducted two nuclear experiments in the Lop Nor desert in western Xinjiang province.

Beijing has promised to halt all nuclear testing as soon as a global ban is implemented, probably between now and the end of 1996.

The condemnation expressed by McMullan in Beijing was mild in comparison with the Australian onslaught of criticism following France's resumption of nuclear testing in the South Pacific.

Asked to comment on the discrepancy, the Australian minister said: "We have reacted strongly and correctly," to Paris' decision.

More on Nuclear Issue

*BK2209062795 Melbourne Radio Australia
in English 0500 GMT 22 Sep 95*

[FBIS Transcribed Text] Australia's trade minister, Bob McMullan, says he welcomes China's commitment to a proposed comprehensive nuclear test ban treaty but continues to oppose its current nuclear testing program. Senator McMullan says he raised the issue during a meeting last night with Chinese Vice Premier Li Lanqing. Sen. McMullan says the Australian people would have expected him to discuss the issue with a senior member of the Chinese Government of China.

China has conducted two nuclear tests this year and military analysts believe China may explode another four devices before the introduction of the test ban treaty.

Rong Yiren, Micronesian Counterpart Meet

*OW2109115895 Beijing XINHUA in English
1111 GMT 21 Sep 95*

[FBIS Transcribed Text] Beijing, September 21 (XINHUA) — Chinese Vice-President Rong Yiren held talks with his counterpart from the Federated States of Micronesia, Jacob Nena, here this afternoon.

Rong expressed satisfaction over the "smooth growth" of Sino- Micronesia ties.

To further strengthen the friendly relations and cooperation between the two countries not only conforms to the interests of the two peoples, but will benefit peace, stability and prosperity in the whole Asia-Pacific region, he said.

Rong said all countries, big or small, rich or poor, powerful or weak, are equal members of the international community, adding that every country has the right to chose their own way of development and to participate in negotiations for resolving international issues.

Nena, who is currently on a working visit to China, said that his government attaches importance to the relations with the Government of the People's Republic of China and will continue to pursue the "one China" policy.

He also congratulated China for having successfully hosted the United Nations Fourth World Conference on Women.

During the talks, Rong briefed his guests on China's reform and opening to the outside world.

After the talks, the two vice-presidents were present at the signing ceremony of an agreement between the two governments on economic and technological cooperation.

In the evening, Rong hosted a dinner in honor of Nena and his party.

Nena and other Micronesian guests arrived here this morning at Rong's invitation.

Sub-Saharan Africa

OAU Seeking Direct Scientific Ties

OW2109235195 Beijing XINHUA in English
2110 GMT 21 Sep 95

[By Guo Ming]

[FBIS Transcribed Text] Abuja, September 21 (XINHUA) — The Organisation of African Unity (OAU) has deplored the lack of information about the latest scientific and technological developments in China, and expressed desires to establish direct scientific and technological ties it.

"We are keen to develop direct links with China," Johnson Ekpere, the OAU Executive Secretary of the Scientific, Technical and Research Commission, said in a interview with XINHUA here today.

This was agreed by the Vice-Chairman of the Chinese Academy of Sciences, Sun Honglie, who is also attending the week-long fifth Third World Conference on Sciences held in Nigeria's capital, Abuja from September 17 to 22.

Ekpere said that there is "a tendency of treating the OAU as a purely political organisation. But the final goal of the OAU is an economic union. And we would like to develop our links with China in a great many of fields, including science and technology".

He said the OAU regarded China as one of the fastest developing countries and a world power, whereas the OAU is a developing African regional organisation which, despite its current difficulties in regional integration, has "a bright future".

"That's why there is an urgent need for China and the African regional body, apart from their good political ties, to draw each other much closer in terms of economic and trade, science and technology relations," he explained.

"For various reasons, however, there is a deplorable lack of knowledge of the scientific development in China among OAU and its member states. This situation must change for the good of both parties," he noted.

Ekpere said that while there is a general lack of information flow and exchange among African states, the OAU Science Commission is able to collect, disseminate and process sufficient data before sending them to all the member countries and where they are needed.

And the commission is able to coordinate among the member states on potential cooperation and joint programs.

According to the OAU Science Coordinator, in time when there is a lack of understanding in the fields of science and technology between China and OAU, there are a number of areas that have a "bright cooperative future".

"For example, the research and production of traditional African medicines. We know that China is very advanced in its traditional herbal medicines, and we hope this area could be of immense interest to the Chinese government," said Ekpere.

He also expressed the OAU's interest in developing cooperative ventures with China in areas such as fishing, botanic research, ocean studies, utilisation of solar energy, and soil studies and management for the good of agriculture, just to name a few.

After a soil scientist from the Geological Research Institute of the Chinese Academy of Sciences reported their achievements in studies of improving the soil conditions and enhancing agricultural production in northern China's Yellow, Huai and Hai river areas, many delegates from African countries show immense interest.

"The chances to get to know about China's latest science and technology achievements that could be applied to Africa are too few, far from the extent that can satisfy the needs of both China and African countries," he said.

Apart from a direct link with China, the OAU science chief also anticipated an information exchange program to be commenced as soon as possible.

Sudan President Hails Relations With China

OW2109235295 Beijing XINHUA in English
1950 GMT 21 Sep 95

[FBIS Transcribed Text] Khartoum, September 21 (XINHUA) — Sudanese President General Omar al-Bashir today described relations between Sudan and China as "age-old and friendly throughout."

In an interview with the XINHUA correspondent in Khartoum today, on the occasion of his imminent visit to China, the Sudanese Head of State stated that the relations between the two countries began with the independence of Sudan and had steadily been developing ever since, besides the exchange of visits between Sudanese and Chinese officials with the objective of cementing the ties between them.

Referring to the identity of views shared by Sudan and China in the various fields, he indicated that the

two countries had regularly been coordinating their political stances in international forums, and that there was complete agreement and cooperation between the Sudanese and Chinese delegations at world conferences.

Dealing with economic cooperation between Sudan and China, President Bashir said China had always been extending economic assistance to Sudan, adding that the two countries are bound with an ongoing trade agreement, and that many projects in Sudan have been done with the help of China and do stand now as a witness of the development of relations.

The President of Sudan said that the two countries are also bound with extensive relationships in the cultural field. Many Sudanese students are completing their studies in China, and China continues to offer assistance in the cultural field particularly to the Sudanese acrobats team, and the two countries exchange folklore troupes, he said.

Asked about the objective of his forthcoming visit to China, President Bashir said his visit is aimed at transforming the present relationship between the two countries to a more advanced phase. He went on to say that "we hope it will be a success, same as my earlier visit to China," and will push the relationship toward deeper and wider ties.

On Sudan's economic difficulties, President Bashir said Sudan is actually confronted with an economic problem on account of the unannounced embargo imposed against the country, which is responsible for the loss of many financial sources.

He pointed out that this boycott has also had its benefits, prompting Sudan to adopt the policy of self-reliance in building its economy, and that many great projects have been done through self-reliance.

He further said that in order to make up for the loans which the international financial organizations had suspended, Sudan resorted to the encouragement of domestic and foreign investment. This policy, he said, had met with extensive favorable response on the part of investors from sister and friendly states.

Furthermore, he said, the Sudanese government has resorted to disengaging the Sudanese economy from its ties to the West, and has turned to cooperation with Asian countries.

He affirmed that Sudan is following the Chinese example in the field of economic reconstruction, and is guiding its economic development accordingly. This model has succeeded in China, and has compelled the West to recognize the Chinese achievement, he said.

West Europe

Austria's Klestil Ends Shanghai Visit

OW2109091095 Beijing XINHUA in English
0851 GMT 21 Sep 95

[FBIS Transcribed Text] Shanghai, September 21 (XINHUA) — Visiting Austrian President Thomas Klestil ended his tour of China's largest economic center and left here this morning by special plane for Jinan, capital city of east China's Shandong Province.

During his stay in Shanghai, Klestil delivered a speech at a symposium on Austria-Shanghai economic and trade cooperation, in which he said that he was much impressed by the success of China's economic policy.

The president also cut the ribbon at the opening ceremony of an Austrian coffee culture exhibition and held talks with senior managers of Shanghai's Baoshan steel complex, the most modernized steel enterprise in China.

'Europeanization' of France's Nuclear Strength Viewed

HK2209064595 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 19 Sep 95 p 6

["Special article" by Shen Xiaoquan (3088 1321 3123): "Where Does Significance of 'Europeanizing' France's Nuclear Strength Lie?"]

[FBIS Translated Text] Not long after French President Jacques Chirac assumed office, he made a decision on resuming nuclear testing and has put it into effect. Meanwhile, President Chirac made a new exposition of the nuclear policy of the French Government. He made a so-called proposal on "Europeanizing" France's nuclear strength. As the proposal would produce a great impact on the framework of European security and relations across the Atlantic Ocean, it has attracted international attention.

Chirac put forward this proposal first at the meeting of diplomatic envoys held on 31 August at the Presidential House. He said: "The European Union is building up its defense strength. It also hopes that France's deterrent force will play an important role in its security." At a defense symposium held on 7 September in Paris, Prime Minister Alain Juppe further pointed out: "The sphere of nuclear weapons should not be ignored in the cooperation of the European Union," "as part of Europe's defense strategy in a wider meaning, France's nuclear deterrent force can be used to protect Germany's security" because "Germany has reiterated that it does not intend to possess nuclear weapons." On the question of the security protective umbrella of the entire European Union, he also hoped to hold

discussions with Britain, another nuclear power in Europe.

Analysts believe that Chirac considered various aspects in making the proposal of "Europeanizing" France's nuclear strength.

Above all, France's decision to resume nuclear testing, which it suspended in 1992, has evoked strong objections from a number of countries and even the European countries. Once the proposal of "Europeanization" is implemented, the countries of the European Union, including Germany, will be able to share France's nuclear deterrent force. The prospects of "common nuclear strength" will naturally enable France to extricate itself from isolation and also win the support and understanding of the European countries.

Second, strengthening integration of Europe's politics and defense has been the objective pursued by all previous French governments, which have made strenuous efforts to gradually put it into effect. In conventional military strength, a European group army composed mainly of French and German troops has been established. Impelled by France, the West European Union, composed of nine countries and which is the only military organization in West Europe, will change and strengthen its functions in the next few years. France's nuclear strength in Europe will undoubtedly upgrade France's position in European construction affairs, its economic and political influence will rise sharply, and it will constitute a new check to Germany, "which is difficult to bring under control."

Third, France has always sought to be independent from the United States in terms of diplomatic and defense affairs. The call for France to establish an independent European defense is running high. If we say that de Gaulle's nuclear deterrent theory was aimed at protecting France's strategic interests, Chirac, who pursues de Gaulleism, will spread the nuclear deterrent theory to the whole of Europe. Although Europe cannot use its available nuclear strength to replace the U.S.

nuclear protective umbrella, it can at least increase the chips for France to negotiate with the United States.

The countries concerned have taken a prudent attitude toward France's proposal. German Foreign Minister Klaus Kinkel said that the "notion is interesting" and that's all there is to it. However, other political figures had a lot of misgivings. First, Germany has made the commitment of giving up the production, manufacture, and possession of nuclear weapons. Will the theory of France and Germany jointly possessing nuclear deterrent force run counter to its commitment in the past? Second, Germany's nuclear protection has always been provided by the United States and NATO and it will be very difficult for the Germans to give it up because they still doubt whether Europe's nuclear strength is powerful enough to replace that of the United States. Public opinion is worried that Chirac's proposal will undermine the ongoing European integration and will damage its partnership relations with the United States. Some other figures are worried that besides sharing France's nuclear strength, they will also have to share the huge financial spending. The United States has been puzzled by the real motive of France's drastic decision to resume nuclear testing. Therefore, the only thing Washington can do is to keep watch on and avoid making a hasty statement on Chirac's new proposal.

NPC Vice Chairman Meets Swedish Group

*OW2209034895 Beijing XINHUA in English
0303 GMT 22 Sep 95*

[FBIS Transcribed Text] Beijing, September 22 (XINHUA) — Li Ximing, vice-chairman of China's National People's Congress (NPC) Standing Committee, met here this morning with a delegation from the Committee on Social Affairs of the Swedish Parliament led by its Chairman Sten Svensson.

The delegation arrived here on September 20 for a visit to China at the invitation of the Committee for Internal and Judicial affairs of the NPC.

Political & Social**Report on Date, Contents of Fifth Plenary Session**

*HK2209051995 Hong Kong LIEN HO PAO
in Chinese 22 Sep 95 p 2*

[Report from Hong Kong by staff reporter: "The Fifth Plenary Session of the CPC Is To Be Held Next Monday With Emphasis on Discussing the Ninth Five-Year Plan and Solving the Chen Xitong Issue"]

[FBIS Translated Text] The five-day Fifth Plenary Session of the 14th CPC Central Committee is to be held in Beijing's Jingxi Guesthouse on 25-29 September.

The emphasis of the session is to be laid on discussing the Ninth Five-Year Plan and the program of development for the coming 15 years. No other topics for discussion will be arranged except the political settlement of the issue of Chen Xitong, member of the Political Bureau.

During the session, the "CPC Proposal on the Ninth Five-Year Plan and Program of Development up to 2010" will be approved and officially promulgated. Although there has been controversy since the July Beidaihe meeting on some contents of the "Ninth Five-Year Plan" and program of development for the coming 15 years, and the issues of the gaps between the eastern and western regions, and the development of special economic zones in particular, the draft proposal submitted to the session will be based on the contents adopted by the Beidaihe meeting without making any principled changes.

The session will be presided over by the Political Bureau of the CPC Central Committee. Jia Zemin, general secretary of the CPC Central Committee, will make an important speech. Li Peng, member of the Political Bureau Standing Committee and concurrent premier of the State Council, will explain the draft proposal.

Those who will attend the session will include 189 members of the CPC Central Committee, 130 alternate members, 108 alternate members [as published] of the CPC Central Committee, and members of the Central Military Commission.

The Ninth Five-Year Plan and the program of development for the coming 15 years will put forward the basic tasks, guideline and policies of national economic and social development for the coming 15 years, and regard the period from 1996 to 2010 as a crucial period for the modernization program in mainland China, and call on all CPC members and people of the whole country to unite closer and struggle harder under the leadership of the CPC Central Committee with Jiang Zemin as its core.

The keynote of the "proposal" is: Taking Deng Xiaoping's theory on building socialism with Chinese characteristics as a basic guideline to maintain a good momentum of development while emphasizing a rational industrial setup and good economic efficiency.

The "proposal" emphasizes: It is necessary to continue to persist in reform and opening up, and handle well relations between reform, development and stability, so that the state will have greater development in political and economic fields, and so on.

The "proposal" urges the eastern region, and special economic zones in particular, to continue to speed up their development. With regard to the western region, which demands elimination of poverty as early as possible, arrangements aimed at achieving balanced development and comforting the region will be made. Regional controversy is expected to be aroused with regard to the substantive contents of the draft plan. Before the session, members of the Political Bureau made a special trip to the western region to "do pursuance work."

Two kinds of opinions were expressed at the Beidaihe meeting on the Chen Xitong issue. Attendees holding the first opinion maintained that the case must be severely handled, whereas those holding the second opinion urged taking into consideration Chen Xitong's great contributions in dealing with 4 June Incident, construction of Beijing Municipality, the Asian Games, and so on. At the session, the results of investigation by the Central Discipline Commission on Chen Xitong's case will be announced. The Commission will propose dismissal of Chen from his post as Political Bureau member. The issue of expelling him from the party or placing him on probation within the party is to be submitted to the session for discussion.

Deng Liqun Says Deng's Line Right-Deviationist

HK2209083395 Hong Kong HSIN PAO (HONG KONG ECONOMIC JOURNAL) in Chinese 9 Sep 95 p 7

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429) from Beijing on 6 Sep: "Deng Liqun Criticizes Deng Xiaoping's Right-Deviationist Thinking Again"]

[FBIS Translated Text] Apart from pointing out that U.S. President Bill Clinton's decision to allow Taiwan President Li Teng-hui to visit the United States in early June was a move to coordinate Li's drive for "Taiwan independence," the CPC has made a strong response in the form of a propaganda offensive (publishing a series of commentaries reflecting the leadership's views)

and two missile tests, displaying their determination and capacity to defend state sovereignty and territorial integrity. The CPC also admonished Taiwan that it should, putting national interests above everything else, return to the "one China" position before cross-strait relations could be improved. They also hoped the United States would no longer support Li Teng-hui in his attempt to create "two Chinas" to prevent Sino-U.S. relations declining.

A Beijing source said: Though this position was widely accepted within the party, it was criticized by the "number one leftist" within the party. He said that the deterioration in cross-strait ties and the crisis in Sino-U.S. relations are consequences of the right-deviationist line toed in the last dozen years and more. Jiang Zemin immediately refuted the argument and said that the existing policies toward Taiwan and the United States would never change. The inner-party controversy on the political line once again confirmed Deng Xiaoping's warning that "if there is something wrong with China, the root cause is within the party."

Deng Liqun Submitted Two Written Statements

The source said: The one who dared to challenge the party leadership with Jiang Zemin and Li Peng as the core was none other than Deng Liqun, known as the "number one leftist" and "amateur general secretary," who was backed by late CPC elders Chen Yun and Wang Zhen and, together with the late Hu Qiaomu, has been regarded as the CPC's "authoritative theorist."

In late July, Deng Liqun submitted two written statements, one after the other, expressing his views on why Li Teng-hui, during his visit to the United States in July, was bold enough to openly preach "Taiwan independence" and why the United States brazenly took concerted action. He said: The country is facing the danger of disunity. Why? We cannot talk about the result to the neglect of the cause. The cause of the existing trouble is similar to that of the 4 June incident at Tiananmen Square in 1989. If the incident was the result of the capitalist-comprador policy pursued by Deng Xiaoping, which led to polarization, then the present trouble, namely Taiwan's attempt to break away from the mainland and strained Sino-U.S. relations, is the result of the right-opportunist line followed by Deng Xiaoping over the last dozen years and more.

Deng Liqun said: If we communists give up Marxist-Leninist principles, we will have to pay a high price for it. Communists usually strive for the realization of communism, but Deng Xiaoping changed the objective into the four modernizations. If we no longer work for building up a communist society, the Communist Party will be completely worthless.

Deng Liqun Directed His Attack at the Vital Part and the Most Senior CPC Elder

People in Beijing's political circles pointed out: Obviously, by submitting the two statements, Deng Liqun mainly tried to ascribe to the alleged right-opportunist line, which was said "to have gone against Marxism-Leninism," the existing wide gap between the rich and the poor and between eastern and western parts of China and strained cross-strait and Sino-U.S. relations. In essence, he tried to negate Deng Xiaoping's pragmatic line of "one central task, two basic points" and bring the mainland back to the Mao Zedong era. This is unpopular.

Deng Liqun Argued Long Ago that Opening Up Changed China's Political Color

It is not surprising that Deng Liqun presented the above arguments, because he had been opposed to Deng Xiaoping's position favoring reform and opening up. He not only set the media units under his control against reform and opening up, but also personally attacked Deng Xiaoping's "cat theory."

In the fourth quarter of 1991, Deng Liqun, together with his "fellow leftists, who have firm faith in Marxism-Leninism," bitterly attacked "Deng Xiaoping's pragmatic line," claiming that "reform and opening up" is a banner planted in China by foreign forces striving for peaceful evolution there.

"Deng Xiaoping's 'cat theory' inclined him to advance the reform and opening up policies. As a result, capitalism has replaced socialism in certain areas and is likely to pose a dire threat to socialism as a whole. The basic danger of Deng Xiaoping's 'cat theory' and the practice based on the theory lies in confusing the basic difference between capitalism and socialism, replacing the class and social system criteria with the productive forces criterion, and attaching equal importance to specific work guidelines and the four cardinal principles, thus plunging the political, economic, and social orders into confusion and giving the capitalist class an opportunity to achieve peaceful evolution," said Deng Liqun.

"While Gorbachev's 'new thinking' changed the Soviet Union's political color, the 'reform and opening up' changed China's political color."

"The work we can do now is to discuss in a big way whether the reform and opening up is surnamed 'capitalist' or 'socialist.' We must acquire a clear understanding of the nature of the reform and opening up. Dealing with this problem will break down the barrier preventing the campaign against bourgeois liberalization from proceeding in depth because of the unprincipled

protection given to Zhao Ziyang by Deng Xiaoping and will sober up comrades in the central authorities," added Deng Liqun.

People in Beijing's political circles maintained: Deng Liqun's argument that "opening up has changed China's political color" was designed, as Deng Xiaoping has pointed out, "to restore Chairman Mao's line lock, stock, and barrel, under the disguise of 'opposing peaceful evolution.' To restore Mao Zedong's line completely means, in reality, negating the reform and opening up, thus turning back the wheel of history."

Zemin Is Kind and Honest and Can Accommodate Left- and Right-Wingers

Jiang Zemin criticized Deng Liqun's statements, saying: The two letters Deng Liqun wrote to the CPC Central Committee once again suggest that our party will meet with interference from both right and "Left" deviationists on our march. Jiang questioned: Is there anything wrong with our efforts to achieve four modernizations and improve the people's living standards? We have never given up the objective of realizing communism!

Jiang added: Comrade Deng Liqun has always been a "Left" deviationist in ideology. He has, as it were, a granite-like skull. We should strictly criticize his "Left" deviationist ideology but enthusiastically help him correct his mistake.

People in Beijing's political circles believe: Jiang Zemin's criticism of Deng Liqun reveals the CPC hierarchy's determination to implement Deng Xiaoping's instruction that "party members must be on the alert for right tendencies, but also and mainly for 'Left' tendencies." The fact that Jiang Zemin still referred to Deng Liqun as "comrade" shows the CPC's consistent policy toward "Left" deviationists, namely, they treat them leniently. However, they treat right deviationists harshly.

Like Deng Xiaoping, Jiang Zemin understands that "Leftism" can also ruin socialism, but he, like Deng Xiaoping, handles "Left" deviationists leniently. Therefore, though his statements came under fire, Deng Liqun is still allowed to challenge, as he pleases, the reform and opening up through the "QIUSHI" and "ZHULIU [MIDSTREAM]" magazines under his control. By this, the CPC, in fact, has told the entire party membership that "it is better to be too much to the 'Left' than too much to the right," the consequences of which would be too ghastly to contemplate. And in this also lies the reason why the CPC has difficulty making a bigger breakthrough in the ideological field.

Qiao Shi Visits Taiwanese Cultural Relics Show *OW2109170995 Beijing XINHUA in English* 1524 GMT 21 Sep 95

[FBIS Transcribed Text] Beijing, September 21 (XINHUA)—Qiao Shi, chairman of the Standing Committee of the National People's Congress (NPC) and a member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China, today paid a visit to the Taiwanese Ching Wan Society Cultural Relics Show at the Palace Museum.

The Ching Wan Society is a group of folk collectors in Taiwan made up of 22 important industrial and commercial leaders. To celebrate the 70th anniversary of the founding of the Palace Museum, the society selected 136 cultural relics for display in Beijing.

The relics include 65 Chinese paintings and calligraphy dating from the Tang Dynasty (618-907) to the Qing Dynasty (1644-1911), stone sculptures, porcelain, jade-ware, and other valuable antiques.

Li Guixian Speaks on Quality Month Activities *OW2109145595 Beijing Central People's Radio* *Network in Mandarin 1030 GMT 1 Sep 95*

[From the "National Hookup" program]

[FBIS Translated Text] The activities of '95 Quality Propaganda Month sponsored by eight organizations headed by the China Quality Control Society began officially today in the whole country. State Councillor Li Guixian today spoke at the news briefing on the Quality Propaganda Month activities. He stressed: The quality of products, construction projects, and services is contingent on the quality of people. It is of great importance to make an effort to raise the quality of engineers, technicians, workers, and management cadres. At the same time, attention should be paid to the formulation of relevant laws and regulations. Legal actions must be taken against counterfeit and inferior goods. Quality is the lifeline of enterprises; quality determines the economic efficiency of enterprises. Only by improving quality and lowering costs can enterprises have competitive power and stand in an unbeatable position.

National Double-Support Work Forum Ends in Hohhot

*SK2109135395 Hohhot NEIMENGGU RIBAO
in Chinese 22 Aug 95 p 1*

[By Reporters Zhang Zhaocheng (1729 0340 2052) and Li Xiaoping (2621 1420 1427): "National Forum on Grass-Roots Double-Support Work Ends in Hohhot"]

[FBIS Translated Text] The four-day national grass-roots double-support work forum ended in Hohhot on 21 August. The forum summed up and exchanged the experience of all localities across the country in grasping and implementing this work in the grass roots and held conscientious and enthusiastic discussion on how to make double-support work more effectively promote closer ties between the Army and the local people under the new period.

Yang Yanyin, deputy head of the national double-support work leading group and vice minister of the civil affairs, presided over the closing ceremony. Deng Xianqun, member of the national double-support work leading group and director of the mass work department of the general political department, gave a summing-up speech.

Zhou Ziyu, deputy head of the national double-support work leading group and deputy director of the general political department, and Li Shuwen, deputy head of the national double-support work leading group and deputy secretary general of the State Council, and others attended the forum.

Yun Bulong, Liu Xiaowang, Wang Fengqi, Guan Shuren, Shi Lianxiang, and Nai Deng and other leaders of the regional party, government and Army organs and of the regional committee of the Chinese People's Political Consultative Conference [CPPCC] also attended the forum.

The forum held that successfully carrying out double-support work and strengthening unity between the Army and the government and between the Army and the people is a good tradition which the Chinese Army and people formed during the long practice of revolution and construction and is an indispensable condition for promoting the building of the country and the Army and safeguarding social stability. Under the situation in which the current international political struggle is very acute and the great cause of safeguarding the country's sovereign right and realizing the reunification of the motherland has become more arduous, the broad masses of servicemen and people are urged to cultivate a strong sense of national defense and the ideology of bearing hardships, and further strengthen the cohesion between the Army and government and between the Army and

the people; while China is giving impetus to reform, to build the market economy, and to unceasingly adjust the relations of interest of various sectors, the broad masses of servicemen and people are urged to work with one heart and one mind, engage in arduous struggle, and consciously serve the overall situation of stability and development; under the situation in which opening up is being unceasingly expanded and great changes have taken place in the people's ideology and the concept of value, the broad masses of servicemen and people are also urged to consciously resist the corrosive influence of the bourgeoisie decadent ideology and culture, and to guarantee the sound development of the relationship between the Army and the government and between the Army and the people.

The forum pointed out: Double-support work must be carried out in close connection with the overall situation of reform, development, and stability. It is necessary to always regard grasping the double-support work of grass roots as the basic focal and resting points, think of the grass roots, and exert efforts in the grass roots. Double-support work is an important policy issue, involving a large area and much work. Only by making the party, government and Army leaders pay great attention to this work, all functional departments perform their own duties, and the broad masses of servicemen and people participate in it can we successfully implement all double-support work tasks in the grass roots and have a solid mass basis for promoting unity between the servicemen and the government and between the servicemen and the people. Meanwhile, in carrying out double-support work, we must pay attention to both inheritance and new ideas and make breakthroughs in resolving difficult and hot issues.

In a summing-up speech, Deng Xianqun expressed the hope that delegates attending the forum would bring the forum guidelines back to their own places, adopt practical measures, and realistically implement all demands in places where needed. She called on double-support work departments at all levels to continuously and deeply conduct propaganda and education on national defense and double-support work, vigorously promote patriotic and dedicated spirit in the whole society, and realistically lay a solid ideological basis for promoting unity between the servicemen and government and between the servicemen and the people; realistically conduct activities on building double-support model cities (counties) and making the Army and people jointly build spiritual civilization, act in line with the principle of "consolidation, development, and enhancement," pay attention to construction, guarantee the quality, strengthen management, maintain the orientation, and unceasingly enhance the overall level of

double-support work; pay attention to strengthening the building of policies, systems, laws and regulations for double-support work, and at the same time, exert efforts to supervise, inspect and implement the existing policies, laws, and regulations, and socialize, regularize, and standardize double-support work; conscientiously study the new situation and new problems emerged in double-support work, properly handle the leftover problems of the Army and the local people, promptly resolve contradictions and settle disputes between the Army and the people, and make them attain further unity on the new basis.

During the forum, delegates from 22 districts and units, including Zhenhai District in Ningbo city in Zhejiang Province, and the No. 81537 Army unit of the Heilongjiang military district, introduced their advanced double-support work experience. The delegates also visited some double-support advanced units, including the national defense educational center in Hohhot city, Haixilu office in Huimin District, and a certain brigade of Inner Mongolia military district stationed in Hohhot.

*Survey Results of Chinese Youth Attitudes Viewed

Part One

95CM0404A Beijing ZHONGGUO QINGNIAN
[CHINESE YOUTH] in Chinese 22 Jul 95 p 1

[Article by Guan Fu (6034 1788): "Analytical Report of the Chinese Youth Look at the World Survey (1)—Foreign Countries in the Eyes of Chinese Youth"]

[FBIS Translated Text] The views of a country's public toward foreign countries do not necessarily directly influence the country's immediate foreign policy, but from a long-term perspective, these views can subtly influence various aspects of a country's foreign relations. In another respect, views toward foreign countries also reflect the public's orientation of values, and these value orientations also are standards for their judgements of domestic matters. So, we can obtain much valuable information from surveying the public's views toward foreign countries. In the *Chinese Youth Look At the World* reader survey, we also set up this type of topic. We asked those being surveyed to write in the country that they had the best feelings for and the country that they had the worst feelings for, as well as the countries most friendly and least friendly toward China. The results of the survey give much food for thought.

I. The Vast Majority of the Chinese Young People Do Not Like the United States

In the results of the survey, the United States holds the most conspicuous position. It would appear that this point should be expected by most people, but I am afraid

that the fact that the vast majority of Chinese young people do not have good feelings for the United States would not be expected by most Chinese and foreigners. The results of the survey reveal that the United States ranks number one among countries for whom Chinese young people do not have good feelings, making up 57.2 percent.

But an even more consistent view is that the United States is the "most unfriendly country" toward China. An overwhelming 87.1 percent hold this view. At the same time, the vast majority of the young people (74.1 percent) also are clearly aware that the United States is the country with the greatest current influence on China. Looking at it realistically, this also is not hard to understand. It is just that with a country that is "the most unfriendly" toward China (at least it is considered this) having the greatest influence on China, the potential for tension in these relations can be imagined.

II. Why Do the Vast Majority of Chinese Young People Dislike the United States?

The vast majority of Chinese young people dislike the United States. Some people beginning from personal experience could perhaps express doubt about this conclusion. It is worth pointing out that this conclusion is supported by another survey with a large random national sampling. A survey concentrating on studying Chinese young people in the summer of 1994 (for statistical results see *Chinese Youth News* 21 January 1995, second edition) revealed essentially the same conclusion.

It is just that in this year's survey, the share of people who most dislike the United States and believe that the United States is the most unfriendly toward China rose greatly, and the share of people who had friendly feelings toward the United States declined. Why do Chinese young people have this view? This reporter believes that there are two reasons. One reason is recent. That is the record of Chinese-United States relations in the most recent period. The United States Congress has done such things as clamor for the Tibetan faction to establish an "embassy," allow Li Teng-hui to visit the United States, obstruct China's entrance into the World Trade Organization, and threaten sanctions against Chinese products entering the United States market.

This has caused Chinese people who formerly might have had good feelings for the United States to begin to doubt United States good faith toward Chinese economic development and social progress. Even more, people feel that the focus of United States policy is shifting toward containing China's move toward becoming strong and prosperous. Since the Cold War,

United States interventionist actions in many places in the world have made Chinese people's vigilance toward United States hegemonism more intense and have aroused their sympathies toward small and weak peoples. (A number of survey results note this.) The other reason is more far-reaching. We tentatively call this the cultural reason. The Chinese are a great people with a magnificent civilization with its own value system and self-identification going back five thousand years. Chinese young people have a deep sense of pride and sense of honor toward the motherland that cannot be easily tarnished. The changes in the views of Chinese young people toward the United States in the last few years are the natural reaction of this kind of people toward unfriendly moves. It reflects the Chinese people's awareness of deciding for themselves and its development. The Chinese people are a reasonable and rather tolerant people. China is by no means the soil for so-called extremists that some people are concerned about. This survey indicates that the country that 21.8 percent of those surveyed who have not gone out of the country would most like to go to is the United States, second only to Singapore. This survey also prominently indicates the attention, concern, and sensitivity of Chinese young people toward Chinese-United States bilateral relations. This does not surprise or disappoint people. It gives the United States and the world clear and unmistakable information. They are facing an independent people with the initiative in their own hands and, at the same time, a peaceful and reasonable people. For an ancient country with a long civilized history, this is an extremely natural long-term trend. Everything else will prove to be as transient as a fleeting cloud.

III. Other Important Views of Chinese Young People

In the same survey, those surveyed who selected Japan as the country toward which they had the most unpleasant feelings made up 22.1 percent, second only to the United States. However, the share of people who selected Japan as the country most friendly to China was 10.2 percent, far more than the share of those who considered Japan the most unfriendly toward China (2.4 percent). Considering that this survey was conducted on the 50th anniversary of the victory in the Anti-Fascist War and the Chinese War to Resist Japan, we should say that this share is rather reasonable. On the one hand, 96.8 percent "still felt indignation" and 98.6 percent "remembered well" the very grave suffering that the Japanese militarists brought on the Chinese people 50 years ago. On the other hand, according to the ancient teaching that "past experience, if not forgotten, is a guide for the future," they realistically and soberly treat the Japan of today and today's Chinese-Japanese relations. The

fact that 15.7 percent of Chinese young people believe that Japan also is a country with a rather great influence on China illustrates this point to a certain extent. The country that Chinese young people have the best feelings for is Singapore, with 36.6 percent of the people making this selection. This selection to a very great extent reflects the Chinese young people's identification with Singapore's successful development.

IV. There Is Essentially No Difference in Chinese Young People's Views Toward Foreign Countries Based on Region or Level of Education

Some people customarily believe that in all issues involving reform and opening up, the views of people from coastal open regions will be clearly different from those of inland people. Our survey indicates that, at least as regards views of foreign countries, there is no obvious difference between coastal and inland young people. Their answers to the above questions that we brought up were highly consistent. Level of education also did not cause too great a difference in Chinese young people's views on the issues described above. Of those surveyed, only graduate students based on their level of education had a clearly less anti-American feeling than undergraduates (including universities and technical schools) as given below. Approximately 28.7 percent (second place) of graduate students had the most unpleasant feelings toward the United States, far lower than the average value. Japan (with 45.7 percent) took the place of the United States as the country that they had the most unpleasant feelings toward. However, in determining what country was the most unfriendly toward China, graduate students were totally consistent with those surveyed who had other levels of education: 80.6 percent selected the United States as the most unfriendly country.

Part Two

95CM0404B Beijing ZHONGGUO QINGNIAN
[CHINESE YOUTH] in Chinese 24 Jul 95 p 1

[Article by Guan Fu (6034 1788): "Analytical Report of the Chinese Youth Look At the World Survey (2)—The World of the Future in the Eyes of Chinese Youth"]

[FBIS Translated Text] In China such a major issue as the structure of the world has always been reserved for statesmen and scholars. The views of the ordinary young person very seldom are reflected in the media.

This *Chinese Youth Look At the World* reader survey specially sets up this area of questions. Based on the results of the survey, although Chinese young people are not experts in strategic issues, they have very reasonable and consistent views on general world trends.

I. In the Eyes of Chinese Young People, the World of the Future Will Be Pluralistic and a System with Every Country Competing for Its Own National Interests

The world after World War II was a bipolar structure. A huge change occurred in this structure with the break up of the former Soviet Union.

The old model is not applicable. Some new world structural theories have been proposed. The United States scholar Huntington has proposed the so-called "conflict of civilizations theory." He believes that the main conflict in the world of the future will be the conflict of Western civilization with Confucian and Islamic civilizations. Some other Chinese and foreign scholars believe that the main conflict in the world of the future will be the conflict between the interests of peoples and the interests of nations. In our survey, the overwhelming majority (81.7 percent) of those surveyed agreed with the latter. They believed that the conflict of the interests of peoples or the interests of nations will be the main contradiction of the world of the future. Only 6.4 percent of the people believed that future conflicts will be cultural conflicts, even fewer than those who selected ideological conflicts (11.9 percent). The answers of the young people surveyed to a few other questions also reflect the same tendency. For example, when they were asked if the Gulf War of the multinational force led by the United States was a just war, 85.4 percent of the people answered that it was "fought for their own interests, not so-called justice." Only 7.8 percent of the people selected "to uphold justice and safeguard world peace" (a high percentage of these had an elementary school education or below). Also, when asked about the affect of the break up of the former Soviet Union on world peace, 50.3 percent of the people believed that it "makes the world more and more unstable;" 30.3 percent of the people believed that "it will not have a great affect;" and the fewest, 19.4 percent, believed that "it would be helpful to world development and progress." Those making the first selection and the second selection have similar views on the structure of the world, at least on these two points. They do not believe that the break up of the former Soviet Union was the so-called "victory of justice over evil" and they do not believe that from this the United States will occupy overwhelming superiority. In the eyes of Chinese young people, the structure of the world that is forming will be pluralistic with various forces endlessly disputing with a system of mutual restraint. Among scholars of international relations it is called a "balance of power system." Naturally this viewpoint reflects Chinese young people's self-confidence to a considerable extent. From our accumulated observation

of Chinese young people in the past seventeen years, Chinese young people have less and less looked at issues solely from the perspective of ideology and more and more regarded the actions of the United States and other countries from the perspective national interests.

II. In Comparing One Country with Another, Chinese Young People Have an Obvious Sense of National Pride and Are Optimistic About the Prospects of Their Country

If we say that people often hear some grumbling in daily life, when we asked Chinese young people to sit down and make a sober judgement about China's present and future, Chinese young people expressed a certain amount of optimism, and especially expressed considerable optimism regarding the future. When asked about China's current international status, the vast majority of those surveyed believed that politically China is at the upper middle (50.0 percent) or upper (29.2 percent) level. They evaluated the military status slightly lower than the political status, 25.6 percent of the people believed it was at the middle level, 47.3 percent believed that it was at the upper middle level, and 19.8 percent believed that it was at the upper level. The evaluation of the economic status was comparatively the lowest. The vast majority believed that China was at the lower middle (41.4 percent) or middle (41.5 percent) level. When asked what level China will be at internationally in thirty years, the vast majority of those surveyed believed that politically China will be at the upper level (74.5 percent). As regards their judgement of the military status, it was at the upper middle (32.6 percent) or upper level (59.1 percent). Their evaluation of the economic status still was lower than their evaluation of the political and military status, but the vast majority of the people believed that China's economic status would rise to the upper middle (43.9 percent) or upper (36.3 percent) level. We could have the criticism that this appraisal by the Chinese young people is too optimistic and it is this optimistic because they do not understand the world. Based on the statistical results of this survey and their reliability, believability, and clear analysis, we do not believe that those surveyed were blindly optimistic at all. Their appraisal of the current situation was faithful to their actual views. For example, China's current economic status is really not high and the vast majority of people evaluated it rather low, but the political role that China plays really gets the world's respect and attention. Chinese young people's views that future prospects are bright naturally comes partly from their feelings for the motherland; but we believe that it is more important that China's future will be created by the Chinese young people themselves who have such expectations today. Their answers indicate

that they are full of self-confidence and at the same time they indicate their affirmation and approval of the current line. Chinese young people's widely expressed optimism and self-confidence in developmental prospects are not only manifested in their appraisal of China's international status, they are even more reflected in another extremely essential aspect. That is the belief that Chinese people themselves will determine China's fate. External assistance will not be enough to make China rich, strong, and prosperous and external pressure will not be enough to bring down China's 1.2 billion people. In this survey we listed four factors for making China strong and prosperous (they include two internal factors and two external factors) and asked the young people to select two. We imagined that most of those surveyed would choose one internal factor and one external factor. The result was that most of those surveyed selected both internal factors. The overwhelming majority of the people (84.5 percent) believed that domestic stability and unity are important factors; the majority (64.9 percent) believed that maintaining independence and keeping the initiative in our own hands and self-reliance are important factors; 37.9 percent of the people believed that a peaceful international environment is an important factor; and only 8.2 percent of the people believed that international assistance is rather important. It should be pointed out that there was no striking difference in the views on the issues described above whether people came from coastal areas, border areas, or inland and whatever their level of education or occupation. It could be said that this is the common understanding among all Chinese young people. When specifically speaking about what types of overseas forces are the greatest help to the Chinese economy, an overwhelming majority believed that Chinese abroad and overseas Chinese (54.5 percent) and compatriots from Hong Kong, Macao, and Taiwan (33.7 percent) are the greatest help, and only 11.8 percent of the people believed that international friends are the biggest help. This really reflects an important fact. More than 80 percent of overseas investment comes from Hong Kong, Macao, and Taiwan compatriots and Chinese abroad and overseas Chinese. On this point, both the subjective feelings of Chinese young people and objective economic statistics reflect the cohesion of the Chinese as a people.

III. Chinese Young People Have a Strong Awareness of the Opening to the Outside

Chinese young people have a strong awareness of maintaining independence and keeping the initiative in our own hands and self-reliance, and have a strong awareness of national interests, but this does not at all mean that Chinese young people have a narrow field of vision and are narrow minded. When asked

about their views on foreign investment, the almost universal opinion (83.7 percent) was that it was more helpful than not. And the view of China's entering the World Trade Organization also was very similar; 79.1 percent believed that it was more helpful than not. It is evident from this that the Chinese young people sincerely and unswervingly support the opening to the outside. Maintaining independence and keeping the initiative in our own hands and self-reliance do not depend on the thinking of outside forces and does not conflict with an awareness of opening to the outside. Chinese young people display a considerable maturity in their overall views. It could be said that maintaining independence and keeping the initiative in our own hands and opening to the outside is the generally approved thinking of vast numbers of Chinese people, including the masters of China's future—the Chinese young people. This will become a long-term trend in the international associations of the Chinese people. The so-called "outbreak of excessive nationalism" that some Westerners have been fond of talking about recently has no basis. They either do not understand China or with their Western-centered attitude they harshly attack the slightest spirit of independence and keeping the initiative in one's own hands expressed by the Chinese, displaying their own excessive self-interested standards.

IV. Chinese Young People Are Convinced of the Bright Prospects for World Peace

Chinese young people are optimistic about their own country's future and they are optimistic about the prospects for world peace. Some 16.3 percent of those surveyed believed that they certainly will be able to spend their whole life in a peaceful and stable environment and 59.5 percent of the people believed that there is a great possibility that they will spend their whole life in peace and stability. Also, approximately 75.8 percent of the people expressed optimism about prospects for peace and stability. Generally speaking, Chinese young people fervently love peace and believe in peace. This was reflected in this survey. There is a certain basis for the optimism that they expressed for the world's continuing to develop peacefully—at least several hundred million Chinese young people are a force for safeguarding this peace.

Part Three

95CM0404C Beijing ZHONGGUO QINGNIAN
[CHINESE YOUTH] in Chinese 4 Aug 95 p 1

[Article by Guan Fu (6034 1788): "Analytical Report of the Chinese Youth Look At the World Survey (3)—Chinese Young People's National Concepts"]

[FBIS Translated Text] National consciousness and national concepts are spiritual factors that maintain the survival and development of a people and a nation. What the national consciousness and national concepts of today's Chinese young people are have always been a matter of interest to Chinese and foreign people from various fields. It also was one of the subjects of this large *Chinese Youth Look At the World* reader survey. The statistical results of this survey and a large number of letters from readers and their postscripts mutually confirm this point: The current generation of Chinese young people have clear national consciousness and national concepts.

I. Chinese Young People Agree That Mao Zedong, Sun Yatsen, and Deng Xiaoping Are Great People of the Nationality

Quite a few people looking at the younger generation with concern exclaim that they fail to respect and cherish heroes. However, information obtained from this survey reveals that this generation of Chinese young people highly approve of great people of the era and national heroes from the Chinese modern period and beyond. Some 94.2 percent of the young people acknowledged that Mao Zedong had a remarkable influence on Chinese historical progress in the modern period and beyond. Mr. Sun Yatsen, the forerunner of China's anti-imperialist, antifeudal national democratic revolution was second (83.8 percent) and Deng Xiaoping, the chief designer of reform and opening up, ranked third (48.7 percent). It should especially be pointed out that the order of names and the percentage of votes for the three great men far exceeded other names mentioned (Note: Because this question was in open form, the young people were free to fill in up to more than forty "historical people who have had a rather clear influence on Chinese historical progress since the modern period"). This high degree of concentration of young people's approval of great people of the nationality constituted a distinguishing feature of this survey. Great people and heroes are outstanding representatives of an era and a nation and are a personification of national spirit. Esteem and approval for great people and heroes also should be seen as a show of national consciousness. It is worthy of note that the esteem and approval of this generation of Chinese young people for great people are by no means blind and superficial. If we con-

sider that the majority (over 60 percent) of the young people participating in this survey were born after the 1970s, their understanding and knowledge of Mao Zedong were formed after he went to the "spirit world," it is totally reasonable to believe that the young people's esteem and approval for Mao Zedong is objective, reasoned, and rich in a sense of history.

II. Chinese Young People's Concentrated Expression of Approval for the Nation Is a Reflection of Approval for the Vigorously Developing Chinese Historical Destiny and the Superiority of the Current Social System

Approval of a country and a society often is manifested in foreign contacts and comparisons. In this respect, whether or not one wants to emigrate often can appear prominently in the issue. The results of this survey revealed that the vast majority of Chinese young people (73.7 percent) wanted to remain in the country and exhibited a rather strong sense of ownership in the country and the society. Looking at the content, when they were asked the main reason that they did not want to emigrate, those answering "to remain in the country and promote China" made up 52.1 percent, "like our country's superior social system" made up 38.6 percent, and believe "there are more opportunities for development at home" made up 34.2 percent. These three were all subjective factors and they were listed as the top three. But objective reasons for not wanting to emigrate such as "language barrier," "unable to adapt to foreign culture," and "worried about racial discrimination," all were rather low on the list; 15.5 percent, 15.4 percent, and 10.2 percent, respectively. Also approximately one fourth of the young people selected "if I have the opportunity, I want to emigrate." Regarding this point, the first three reasons were: "to seek better educational opportunities" (18 percent); "to seek better career development opportunities" (14.1 percent); and "like foreign natural environment" (12.1 percent). Those yearning for a higher foreign standard of living were rather few, only 8.9 percent. Those with a university undergraduate education or higher were more inclined to emigrate than those with less education, approximately 32 percent, 5.7 percentage points higher than the average.

III. Chinese Young People's Espousal of Traditional Chinese Culture Is Real, Deep, and Mainstream

National consciousness is multi-layered, multi-dimensional social consciousness, and cultural espousal is an important and a profound part of its content. Whether current young people, who have grown up with major contacts between Chinese and foreign cultures and major generational conflicts, and to a very

great extent have been influenced by foreign cultures, especially Western culture, still identify with traditional culture is an issue that has often been of concern. In this survey questionnaire, several topics that are richly symbolic of custom and culture provided us with an opportunity to understand the cultural concepts of this generation of young people. Using coffee to entertain guests has been in vogue with Chinese people who have spent time abroad since the 1930s and is rather symbolic. This survey revealed that between tea and coffee, 97.7 percent of young people like to use tea to entertain guests, prominently revealing the strength of Chinese traditional tea culture. "Observing foreign holidays" is a sensitive topic. This survey revealed that such traditional Chinese holidays as Spring Festival, Lantern Festival, and Mid-Autumn Festival have undoubted legitimacy in the minds of the young people. Chinese young people who customarily observe the holidays mentioned above were 99 percent, 79.5 percent, and 51.2 percent, respectively. But those who observe the Western religious holiday of Christmas were 11.2 percent, and those who observe Valentine's Day were 10.5 percent. Music is the most natural revelation of people's feelings. Among the forms of music that Chinese young people are fond of (limiting the selection to two types), folk music, Chinese popular music, and Hong Kong and Taiwan popular songs were the top three, 63.2 percent, 39.1 percent, and 38.1 percent, respectively; and 19.8 percent also expressed a fondness for Chinese traditional opera. A considerable portion (29.8 percent) of Chinese young people also are rather fond of Western classical music.

Only 10.6 percent expressed a liking for Western popular music. Cultural identification is fundamental identification. This generation of young people that clearly espouses the motherland's culture is a generation that the older generation can have faith in.

The National Consciousness That the Chinese Young People Exhibit Is Fully-Integrated Chinese National Consciousness

China is a multi-national country. What form of national consciousness was being talked about above is a question that needs to be specifically answered. This survey obtained an enthusiastic response from more than 100,000 young people from every province, autonomous region, and municipality throughout the country except Taiwan. As regards distribution of nationalities, young people from some thirty minority nationalities, including Manchus, Huis, Tibetans, Zhuangs, Mongols, Miaos, Koreans, and Uygurs, participated, totalling 6.9 percent, generally equivalent to the minority population's national share. We conducted a detailed mutual analysis of the above issues with the nationalities, and the results

indicate that, on fundamental questions, no special differences were exhibited in the answers of young people of different nationalities.

The young people of the Han and the minority nationalities exhibited a high degree of unanimity regarding national concepts and national consciousness. So, it can be said that the national consciousness reflected in this survey is fully integrated with the common "Chinese national consciousness" of all of China's fifty-six nationalities.

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Military & Public Security

Beidaihe Meeting on Military High-Level Transfers

HK2209083295 Hong Kong PING KUO JIH PAO in Chinese 12 Sep 95 p A13

[Report: "Beidaihe Meeting Discusses Military High-Level Transfers, Chi Haotian, Zhang Wannian To Become Military Commission Vice Chairmen"]

[FBIS Translated Text] According to a Beijing source, the CPC's Beidaihe meeting, which closed not long ago,

focused discussion on the "Ninth Five-Year Plan," reorganization of state enterprises, and a personnel reshuffle which involved the transfer of top-level military officials, a reason for the delay of the meeting. The question of Taiwan and Sino-U.S. relations were also deliberated at the meeting.

The Beidaihe meeting is a preliminary meeting for the Fifth Plenary Session of the 14th CPC Central Committee. The communique of the plenum and topics to be deliberated will first be decided at the Beidaihe meeting. According to a Beijing source, the Beidaihe meeting will focus on economic issues as well as a military personnel reshuffle.

Reportedly, as Liu Huaqing and Zhang Zhen, both vice chairmen of the Central Military Commission [CMC], are advanced in years, top CPC levels intend to let Defense Minister Chi Haotian and Chief of the General Staff Zhang Wannian replace them.

The source said that the matter of Liu Huaqing and Zhang Zhen resigning from their positions as vice chairmen of the CMC had already been discussed at the end of last year.

The cross-strait question and Sino-U.S. relations were also topics of the meeting. The source continued that Deng Xiaoping reportedly pointed out in June that "there is no question of deviation to the right in Sino-U.S. relations." For this reason, the Beijing authorities will try to further relax bilateral relations.

The source stated that the Beijing authorities will attach great importance to the Ninth Five-Year Plan and the 1995-2010 Long-Term Development Scheme, which are to be deliberated and adopted by the Fifth Plenary Session of the 14th CPC Central Committee, as they are related to the establishment of a market economy on the mainland.

Reportedly, the next 16 years will be crucial for the establishment of the mainland's socialist market economic system. Hence, the designing of the Ninth Five-Year Plan and the 1995-2010 Long-Term Development Scheme will be an important topic.

In May 1993, Vice Premier Zou Jiahua instructed the Chinese Academy of Social Sciences to form a "2010 China's Economic Development Philosophy and Policy Options" panel composed of six research institutes, including the Quantitative Economics and Technological Economics Institute, the Industrial Economics Institute, the Economics Institute, the Finance, Trade, Materials, and Economics Institute, the Rural Development Institute, and the Population Institute, and relevant personnel from the World Economics and Politics Institute under the International Issues Institute to study the topics.

The major portion of the Ninth Five-Year Plan and the aforementioned Long-Term Development Scheme were drafted by taking for reference the research report prepared by the "economic research units of the Academy of Social Sciences."

Electromagnetic Environment Exercise Conducted
HK2209051495 Beijing JIEFANGJUN BAO
in Chinese 27 Aug 95 p 1

[Dispatch by Song Fang (1345 2455), and special correspondent Rong Qingxiang (2837 1987 4382) from Xian on 25 August: "Air Force Conducts First Large-Scale Live-Fire Exercise in Electromagnetic Environment"]

[FBIS Translated Text] Night fell over the vast desert terrain of Northwest China, where three "enemy" guided missile launch positions were in tranquility protected by high-tech measures. Suddenly, several of our bombers arrived from thousands of miles away, and scores of heavy bombs hit their targets as though they had eyes. This was the scene when the air force conducted its first large-scale exercise in an electromagnetic environment.

With the continuous development of high technology, many advanced scientific operational methods have been extensively applied to live operations, thus increasing the difficulty of aircraft and guided missile operations. On that account, the air force has conducted repeated research on certain scientific operations methods and focused its efforts on tackling bottlenecks. Since the beginning of this year, they have organized air force units to train in safe takeoffs and landings, flying in formation, and assault and bombing under counter-interference conditions. They have also organized guided missile and radar units to focus efforts on automatic recognition and tracking of targets, assault, countering raids, and so forth. In early August, they amassed various types of units including aircraft, guided missile, anti-aircraft, and radar units, to conduct a week-long all-directional large-scale live-fire exercise. This exercise has enabled air force units for the first time to succeed in differentiating various categories of interference under high-tech conditions. At the same time, it has improved the ability of air defense units to resist enemy air raids.

Chinese Trainer Aircraft Introduced in Pakistan
HK2209100095 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 28 Aug 95 p 6

[By Li Shaohua (2621 7300 5478): "Chinese Trainer Aircraft Appear in Pakistan"]

[FBIS Translated Text] The K-8 airplane, the first of its kind jointly developed by China with a foreign

country, is a basic new-generation trainer jet with a brand-new design and is mainly for export. Since its first successful flight on 21 November 1990, the aircraft has flown to Singapore, Burma, Bangladesh, Thailand, and Saudi Arabia for flight performances. Its beautiful appearance, fine performance, and advanced equipment fully demonstrate a Chinese eagle's graceful bearing and have attracted great attention in world aviation circles.

On 25 January 1995, at Lisapuer [li sa pu er 0448 5646 2528 1422] Air Force Academy, about 100 km west of Islamabad, Pakistan's Prime Minister Benazir Bhutto solemnly presented a K-8 aircraft certificate to the academy's flight squadron leader, marking the official commission of the first six K-8 planes jointly developed by China and Pakistan in the latter's Air Force.

In the morning, a grand ceremony for the commission of the K-8 aircraft was held at the academy. It was attended by more than 500 high-ranking generals officers of the three armed services and government officials in Pakistan.

The Lisapuer Air Force Square had a lively atmosphere with colored banners fluttering and a guard of honor playing lively music. Two K-8 aircraft in red, blue, and white check became the guests' focus. They focused their video cameras and cameras and took pictures of the aircraft one after another.

Prime Minister Bhutto delivered a speech brimming with warm feeling. She said that the commissioning of the K-8 trainer jets was both a milestone in the history of Pakistan and its Air Force and an indication of the long-standing cooperation between China and Pakistan, a model of fraternal friendly relations.

Accompanied by General Abas [a ba si 7093 1572 2448], the Air Force chief of staff, Prime Minister Bhutto enthusiastically visited a K-8 plane. She went up to the plane, stroked it lightly and then went up the stepladder into the cockpit. She said: "It is pleasing to see."

After that, K-8 aircraft gave a flight performance. Four planes soared in changing formations in the blue sky, forming a diamond formation one moment and flying in a row the next. Individual performance was even more exciting. The rolling flight, vertical climb, inverted flight, and other stunt flying were so thrilling that they evoked continuous cries of excitement from the audience. Wearing spectacles and with a smile on her face, Prime Minister Bhutto was absorbed in the performance. The entire activity lasted an hour before it came to a close.

On 23 March 1995, all circles in Pakistan held a grand military review in front of the Presidential House on Jinnah Road in Islamabad to celebrate the 55th anniversary of Pakistan's "Declaration of Independence." A K-8 trainer aircraft was the last to turn up at the military review. The plane showed valiant and heroic bearing while flying in the sky. It first flew slowly at a low altitude to greet important personages from the government and military, foreign ambassadors to Pakistan, and the audience at the military review. It then turned around and performed stunt flying. Vertical climb, rolling climb, backward rolling, horizontal rolling, inverted flying, diving and climbing, high-speed low attitude fly- bys...the Pakistani pilot's flying was efficient, smooth, and dazzling.

"This is terrific!" the audience repeatedly applauded.

Looking up at the sky, Pakistani President Sardar Farooq Ahmad Leghari, Prime Minister Bhutto, Minister of Defense Aftab Shaban Mirani, and the heads of the three armed services were so excited that they kept applauding. The 10-minute brilliant performance fully showed the K-8 plane's graceful bearing.

The K-8 is a strong and vigorous eagle flying from the soil of China. May you fly higher, farther,....

Xinjiang Military Explores Modern Desert Operations

*HK2209075495 Beijing JIEFANGJUN BAO
in Chinese 24 Jul 95 p 1*

[Report by Zhang Baishun 1728 4102 7311, and special correspondent Yang Gongcheng (2799 0501 2052): "Division under Xinjiang Military District Actively Explores Gobi Desert Operations Under Modern Conditions"]

[FBIS Translated Text] A division under the Xinjiang Military District, which has completed several research-exercise topics concerning Gobi Desert-like terrain for three consecutive years, started another research-exercise topic in early summer this year. This was the two-and-a-half-month "research-exercise on interference and counter-interference in Gobi-like deserts," held in the "Sea of Death" — the Taklimakan Desert.

The Gobi Desert consists of open terrain and has great night-and-day differences in temperature, inferior survival conditions, and an erratic climate. Focusing on this characteristic, the division began to explore operational topics in Gobi-like terrain under modern conditions in a comparatively systematic way in 1992. First, they regarded optimizing the combination of men and existing weapons and equipment as a breakthrough point, and

through training reform they brought the qualities of existing weapons and equipment into maximum effectiveness. They determined methods of negative trajectory firing of light weapons [qing wu qi fu dan dao she ji fa 6535 2976 0892 6298 1734 6670 1410 2345 3127] in Gobi Desert-like areas, and they employed the method of "reducing the target to half its size while doubling the range." Thus, they raised firing proficiencies for five types of light weapons, including automatic rifles and light machine guns, by 10 percent.

In 1993, on the basis of laying a solid foundation in technological training, the division focused on exploring the training topic of survival in field action characterized by collective operations and the optimal use of Gobi-like desert terrain. The division summed up experiences, especially a series of 13 methods for camouflage in Gobi-like deserts, and compiled a record of concealing within one square km over 1,000 vehicles, several hundred guns and tanks, and over 1,000 officers and men, which were not detected from a distance of 500 meters.

Last year, the division participated in a campaign exercise organized by the military district and applied the results of technological training and field action survival training that they had accumulated over the past few years. They focused on research-exercises on various operational tactics in Gobi-like desert terrain under modern conditions. In their exercise, they engaged in large-scale maneuvers covering over 1,000 kilometers, suffering no accidents whatsoever. They fulfilled their tasks outstandingly in over 100 operations, large and small. The assessment of the exercise headquarters was that they have done a good job in marching, combat, exercising, and concealment, and they have fully embodied sound military and political qualities.

Navy Makes Breakthrough in Mine-Laying

*HK2209094395 Beijing JIEFANGJUN BAO
in Chinese 5 Sep 95 p 2*

[Report by Guo Yike (6753 4135 4430) and special correspondent Lu Yonghua (4151 3057 5478): "Submarine Breaks Through Blockade, Successfully Lays Mines"]

[FBIS Translated Text] The "blue fleet," composed of units from a certain naval observation and communications station, an underwater acoustics [shui sheng 3055 5116] station, an air unit, and a surface squadron, spread a dragnet in a certain marine area, but a submarine of the "red fleet" nimbly broke into the "blue fleet's" No. 3 cordon area and left quietly after laying mines at the "blue fleet's" port without its knowledge. This first successful exercise performed days ago will help the sub-

marine to lay mines deep in enemy areas in a future war.

In the past, the navy conducted similar mine-laying training in the absence of tactical conditions, so technical training was divorced from the application of strategy. To effect a change, they proposed a new training item wherein the submarine would break into the "enemy's" cordon area to lay mines. During this confrontation, as soon as a certain submarine of the "red fleet" left port, the "blue fleet" headquarters suddenly changed its premeditated plan of intercepting solitary surface vessels and committed its air unit, observation and communication unit, and underwater acoustics unit to form a three-dimensional line of defense in coordination with surface vessels and kept searching for and intercepting the "red fleet" submarine. The "red fleet" submarine went deeper and deeper and prolonged its time lying low [qian fu 3383 0126] to seek a favorable opportunity. It later changed its straight course into an indirect one and thus broke through the "blue fleet's" lines of defense and entered its port. In laying mines, the "red fleet" submarine laid mines consecutively instead of laying them one by one to save time.

Qualified Naval Captains Increase 30-Fold

*HK2209034995 Beijing JIEFANGJUN BAO
in Chinese 8 Aug 95 p 1*

[Report by Shi Changxue (2457 2490 1331) and reporter Jiang Yonghong (3068 3057 4767): "Cadre Training Reform at Naval Fleets Reports Good News; Number of Qualified Captains Increases 30-Fold in 11 Years"]

[FBIS Translated Text] On the eve of the 1 August Army Day, these reporters learned from the Naval Forces Command that the number of "captains qualified in all training," which indicates the Navy's combat power level, had exceeded two-thirds of the total, an increase of nearly 30-fold compared with that before the reform.

What is called "captains qualified in all training" refer to those captains who have finished all training courses and tasks as stipulated in the outline and received passing marks in all tests given by the examination committee. It is by no means easy to pass what the naval officers and men call the "post-doctoral" tests. The books that should be read and grasped alone are three meters high.

People only know that pilots are trained with gold. They do not know that the cost of training a qualified naval captain is many times that of a pilot. A ship is a basic tactical unit of the Navy and the quality of a ship captain plays a vital role among various factors of combat power. Therefore, beginning in 1984, the Navy

has carried out a cadre training reform centering on the training of "captains qualified in all training."

Under this reform, captains are divided into three grades: probational captains, captains, and captains qualified in all training. To be promoted to the next grade a captain has to be subject to rigorous examination, and only when he is qualified will he (she) be appointed; the difference in remuneration between grades is also widened. Those who are not "qualified in all training" will not be promoted; those who do not get a passing mark on a certain subject are allowed to take a makeup examination, but they will be eliminated if they fail again.

A comrade in charge of the Navy's military training department summed up the three major advantages of the reform as follows: First, both the leaders and the people concerned know how things stand because the direction on which they should work hard and the goal are clear; second, the training results and times are genuinely demonstrated in posts and remuneration; and third, discarding the odd circle characterized by low-level circulation year after year has considerably boosted combat power as a whole.

Take a most audio-visual example: In the past, whenever there was a long-range navigation or operational task, it was necessary to transfer the pick of the bunch from a wide area. Today, if the task is given to a "captain qualified in all training," he can set sail immediately.

One of the major experiences for the reform success is the simultaneous implementation of cadre training reform and cadre system reform. As Director Liu of the cadre section of the Navy's political department put it: In the past, there was indeed the phenomenon of "you are okay if I say so" in the use of cadres. After the reform, however, in line with the stipulations of the party committee, the political department, especially the cadre section, from beginning to end must take part in a cadre training examination. If a cadre wants to be promoted, apart from political qualifications, he or she must also cross the "iron threshold" of being "qualified in all training." The cadre training reform has promoted the institution and amplification of the system under which cadres should have the necessary qualifications for certain posts. The scope of the reform at the next phase will be extended from military cadres to political and logistics cadres.

Second Artillery Conducts Training

HK2209065695 Beijing JIEFANGJUN BAO
in Chinese 14 Aug 95 p 1

[Report by Shen Hui (3947 2264), and special correspondent He Tianjin (0149 1131 6651): "Second Ar-

tillery Brigade Acquires Proficiency Through Training in Perilous Environment"]

[FBIS Translated Text] Tramping over steep slopes, penetrating the desert, crossing the Gobi, guarding against sudden attack, countering airborne assaults, and conducting nuclear counterattack — in mid-summer, a brigade under the Second Artillery Corps sent all of its launch battalions and support detachments with full personnel and equipment into the complex terrain of western barren mountainous areas and the Gobi desert to implement maneuvers and hazardous launches in a perilous environment. They fulfilled more than 30 tactical objectives and explored a series of methods for survival, maneuvering, support, and launch training in western areas with complex geographical conditions.

To meet the requirements presented by future war and explore methods by which strategic missile units in geographically complex western areas can survive, maneuver, perform support operations, and conduct launch training, this year the brigade has taken the implementation of hazardous launching while maneuvering with full personnel and equipment as an important training topic for units to acquire launch proficiency. To achieve this, they have proposed numerous hypotheses concerning difficulties that might be encountered by units engaged in maneuvers and hazardous launches, such as high winds, sand, thunder, and rain. They have made complete demonstrations, sought solutions, and run simulations. Late one night, as three red signal flares shot up into the sky, a series of trucks loaded with camouflaged guided-missile equipment maneuvered in the direction of a designated area of the Gobi Desert. After a long journey of two days and nights, they arrived at their destination four hours ahead of schedule. On the fifth day of the exercise, a fierce gale sprang up over the Gobi, and the sand was blown about all over the sky by the wind, causing extremely poor visibility. They seized the opportunity presented by the foul weather to conduct hazardous operations such as hoisting and assembling guided missiles, attaching warheads to carriers, and setting up aiming devices. On the eighth day of the exercise, the temperature on the surface of the desert rose drastically to 50 degrees Centigrade. Waves of heat came one after another, and the scorching heat was unbearable. Suddenly, an order was given, and an exercise similar to live operations began — reconnaissance and counter-reconnaissance, interference and counter-interference, and air-raids and air counter-measures were conducted one after another. With casualties and damage to equipment and positions, the "red army" successfully fulfilled the task of launching a counterattack against the "blue army."

Golmud-Lhasa Oil Pipeline Completed
HK2209085295 Beijing JIEFANGJUN BAO
in Chinese 16 Aug 95 p 1

[Dispatch by special correspondent Guo Qingshan (6753 7230 1472) and special reporter Cui Yaozhong (1508 5069 0022): "The 'Golmud 101 Pipeline Project' Completed and Put Into Commission"]

[FBIS Translated Text] Golmud, 15 Aug (JIEFANGJUN BAO)—The "Golmud 101 Pipeline Project," a major state construction project in support of Tibet undertaken by our military, has been completed and put into commission today. Together with the officers and men taking part in the construction project, the people in charge from the relevant state ministries and commissions, the General Logistics Department, and the Qinghai and Tibet military districts, as well as the people of all nationalities in the area, cut ribbons for the completion of the project.

Designated as one of the key construction projects by the party Central Committee and the State Council to mark the 30th anniversary of the founding of the Tibet Autonomous Regional Government, the project started on 1 April this year. Carrying forward the spirit of "being particularly capable of bearing hardships, enduring, and struggling," the officers and men of our military worked indefatigably for 137 days and nights and accomplished the task 10 days ahead of schedule. Acceptance tests and appraisals by the relevant state departments show that all project indexes were up to the standards set for state quality projects.

With the completion of the project, all kinds of oil produced at the Golmud Oil Refinery can be directly carried to Lhasa through the Golmud-Lhasa underground oil pipeline. The history of Tibet's exclusive reliance on oil from the hinterland has now been rewritten.

Fu Quanyou, member of the Central Military Commission and director of the General Logistics Department, and Zhou Kunren, political commissar of the General Logistics Department, recently signed an order to commend the officers and men who had rendered services to the construction project.

Guangzhou Audiovisual Piracy Said Less Rampant
OW2209071895 Guangzhou YANGCHENG WANBAO
in Chinese 8 Sep 95 p 1

[By reporter Li Xiaoji (2621 1420 7535): "Guangzhou Audiovisual Market Much Cleaner Because of Con-

cerned Departments' Better Education and Administration"]

[FBIS Translated Text] How can we evaluate the audiovisual market in Guangzhou? Yesterday morning, at a rally marking the fifth anniversary of the promulgation of the Copyright Law, a person in charge of the Guangzhou City Social and Cultural Administration Committee said: In today's Guangzhou audiovisual market, there are fewer pirated products but more original ones; and the market is much cleaner, with less pornographic trash.

Owing to its special geographical location, Guangzhou city is a key area in Guangdong Province, where a crackdown is under way on copyright violations and audiovisual piracy. This year, Guangzhou city has intensified its propaganda and education campaign and has made greater efforts to clean up the market. By sponsoring training classes on copyright law, launching a "day of protecting consumers' rights and interests," and making greater efforts to cleanse the market, the spread of pirated audiovisual products has been effectively stemmed. From January to August, the whole city (including four county-level cities) seized a total of 163,990 pirated audio-visual and computer software products and over 70,000 pirated recordings and videotapes.

Meanwhile, a growing number of units have taken the initiative in seeking protection through audiovisual administrative departments. Guangdong Zhujiang Audiovisual Publishing House discovered that imports of "Deng Lijun's Everlasting Golden Melodies Collection," authorized by the Ministry of Radio, Film, and Television, were hit by "pirated goods"; and Shanghai Cartoon Film Studio discovered that some people were selling pirated animated cartoon videos in contravention of its copyright. Both sought legal protection from concerned departments in Guangzhou city, and their cases were settled properly.

***Military Command Training Stresses Flexibility**
95CM0414A Beijing JIEFANGJUN BAO in Chinese
4 Jul 95 p 2

[Article by Pu Dongcheng (5543 2639 2052) and Zang Yuejun (5258 6460 6511)]: "For a More Flexible Wartime Command—An On-Site Report on Training Reform at a Division Headquarters Unit of the Chengdu Military Section"]

[FBIS Translated Text] At the start of last year, a division headquarters in the Chengdu Military Section was designated as one of the trial units for headquarters organization reform; they were ordered to make reform of

wartime command a focal point, and reform their headquarters organization training, wartime command and building the organization. Confronting the reality of the headquarters organs and the demands of reform, the division leaders and organs in May of last year established a divisional "Emergency Wartime Command Center" for studying modern warfare and battle characteristics under contemporary circumstances. Keeping the existing staff and system, their goal was to resolve the contradiction of combining peace and war in accordance with the structural demands of command's principle factors, assuming a wartime command mission as an emergency command team in crisis situations.

Clarifying the Function of "Center"

After an "emergency wartime command center" has been established, the division leadership continues to learn and practice. The "center" must have the following several functions: one, the command function. Normally, the "centers" relationship with the division's mission is to propose and improve the various battle plans, to carry out war methods studies and prepare various documents, as well as make maximum use of computers to conduct simulated training. In an emergency situation, it will rapidly enter a combat situation, as the first level command body assists senior officers in decision-making, letting it efficiently improve the military's reaction capability and command level under emergency circumstances. Two is the war preparation training and inspection function. Normally, the "center" will join with the military's annual training mission, conducting practical camp and field training and inspection, reviewing and evaluating the military's war preparedness and the level it attains. It can also apply the achievements of war studies to joint tactical exercises, as the leading and coordinating organ of the division and regiment. At the same time, it can inspect the achievements of joint tactical exercises, making the "center" into a true training inspection organ. This sort of trial which separates training organization and inspection from tests of the training system can efficiently improve training quality. Three is the training function. Free up some of the staff officers from routine work, linking up with research on war command topics to carry out training at a high starting point, and improving staff officers' qualifications within a short period of time. Adopting a regular exchange system for "center" members can effectively improve organizational cadres' overall qualifications.

Cultivate a Pool of High Quality Talent

Following the establishment of their "center", there was the establishment of the "five systems" that correspond to its function: one, color monitor notebook and lead computer working systems made up of touch-screen

type computers; two, a signal conversion system which can convert computer data to radio signals; three, a projection system composed of projection drawings and large screens, etc.; four, an assured power supply system for battlefield situations; five, a word processing system which includes laser printers and copiers. These five systems support each other, and in general guarantee that command needs will be provided in battle situations.

Reform in practice has proven that software creation is always more important than hardware creation. When the "center" was first set up, staff officers were faced with many new facilities they could not use. So, starting out with improving staff officers' qualifications, they devoted more time to linking military studies with high technology, focusing on the studies of basic theories of warfare with knowledge of computer operations, software and programming. Now, the "centers" members can sum up tactical projects, program and conclude primary level tactical calculations, and assist in the decision-making software system.

Not long ago, at the "centers" studio, we observed a computer simulated exercise that organized the division to carry out an emergency battle mission. After the commander issued the order, the computer immediately initiated retrieval, and such information as the area's topographical features, transport and meteorological data, etc., were soon displayed on the large screen for military use. With various types of "supplementary conditions" provided, a "red" and a "blue" army were arrayed against each other on the screen with time and space of no concern. At that time, the computer's tactical simulation system began selecting the best plan and decided on a battle plan. The move of an arrow on the screen started a fierce "battle." The bright prospects and huge potential of automated command were obvious to everyone. The training of talented personnel is critical to all of this.

Giving Inspiration and Consideration

The division command organization's experiences with the "emergency war center" has both inspired people and given them some things to consider.

In system and function, there must be practical resolution of the problem of being "out of place." Because the command organization must deal with so many administrative matters during peacetime, when this new "emergency command center" arises, it brings with it the phenomenon of being "out of place." Therefore, the key is to adopt effective measures which make each level of command adhere tightly to the "battle" thread, building up a command organization with efficient staff, flexible command and rapid response.

Modernization of command methods is the unavoidable path to building a command organization. At present, besides making major improvements in telecommunications methods, it is to do a good job of computer development and application, with satisfactory linkage of people and computers, letting the computer choose the best of the battle suggestions and assist in decisionmaking.

Give a really high priority to training the command organization. The problem of inadequate training exists to varying degrees in some command organizations, and there is no doubt that resolving it is a matter of urgency. However, we need further adjustment of staff officers' training, especially how to train them during peacetime. The most important thing right now is to conscientiously absorb the achievements of command organization reform in recent years, rework the content and methods of that training, and give command organization training some rules which can be relied on.

***Need for Opportunistic Education in Military Urged**

95CM0429A Beijing JIEFANGJUN BAO in Chinese
 22 May 95 p 3

[Article by staff commentator: "Emphasis on Doing a Good Job of Opportunistic Education"]

[FBIS Translated Text] When political education [indoctrination] is mentioned, some comrades think only of political classes [lectures], while in fact, being dependent on that method alone makes it very hard to adapt to the need to reinforce our military's ideological and political establishment. How are we to make our political indoctrination vivid, lively, solid, and effective? A very crucial matter is to do a good job of opportunistic indoctrination.

This so-called opportunistic indoctrination means seizing opportunities in line with changes in situations, missions, and the thinking of our officers and men, and to conduct anytime and anywhere indoctrination aimed at certain specific situations and issues. While opportunistic indoctrination may seem trivial and ordinary, it is a fine tradition of the People's Liberation Army [PLA] ideological and political work which reflects the real effort and high level of our ideological and political work, and steadily strengthens our troop cohesion and raises our military combat effectiveness. It permeates our training duties, administration and management, and daily lives; and is not subject to time and space limitations, or restrictions or differences as to the eight-hour day, barracks regions, or numbers of people. Classes can be held anywhere, with indoctrination going on constantly, for flexibility and convenience, and for very strong di-

rection, timeliness, and effectiveness. Just as with our regular planned and step-by-step indoctrination, it is a key method of PLA ideological indoctrination.

Doing a good job of opportunistic indoctrination is an urgent need under the new conditions to intensify the ideological and political indoctrination of our military. As in any indoctrination, political class time is limited with a single concentrated indoctrination able to resolve only one or two key issues; but many ideological matters need to be resolved through opportunistic indoctrination. Particularly within the general setting of accelerated reform and our development of a socialist market economy, more factors are affecting the thinking of our officers and men, with the various immediate ideological issues being much more incidental and random. Issues existing among our officers and men in areas such as ideals and beliefs, values, social attitudes, and interpersonal relations are often revealed in social contacts, mission completions, and the words and deeds of everyday life. So while paying more attention to doing a good job of classroom indoctrination, we need to combine it closely with indoctrination anytime and anywhere in daily work, study, and living, to genuinely achieve an organic unity of theoretical enlightenment with behavioral guidance and practical nurturing. Experience tells us that if we do a good job of opportunistic indoctrination, a few personal problems will not develop into unhealthy tendencies, with certain problems that might have severe consequences being resolvable in the embryonic stage, so that our ideological indoctrination can genuinely play the role of checking erroneous ideas at the outset, always keeping the firm initiative

The key to doing a good job of opportunistic indoctrination is to have a high sense of responsibility about reinforcing our military's ideological and political establishment and to take a highly responsible approach to the sound maturity of our officers and men, doing genuine and solid work. Leaders at all levels, particularly political cadres, should regularly look deep into the daily work, study, and lives of our officers and men, working with their legs, eyes, ears, and minds, taking great pains, and urging time and again with good intentions. In doing a good job of opportunistic indoctrination, the priority is acting according to circumstances, with the value being its timeliness. We need to be good at seizing all favorable opportunities and occasions to conduct timely indoctrination, leaving no place or time without real indoctrination. To do a good job of opportunistic indoctrination, we need to use correct methods. Aimed at certain good people and good deeds but possibly unhealthy tendencies, we need to handle each matter separately, judging each case as it stands; and make the best use of each situation to help our officers and men clarify ideological

right and wrong so that they can grasp the truth about how to act and behave. All cadres, whether political, military, logistics, or technical, need to have an awareness of opportunistic indoctrination; and organize cadres in the regular ranks to form a dynamic situation emphasizing ideology and conducting indoctrination anytime and anywhere. In short, as opportunistic indoctrination is a "rich mine" containing enormous vitality; and as long as we are good at developing, exploiting, and constantly reforming and creating, our political indoctrination will be able to take a pioneering path.

***Journal Upholds Chinese Sovereignty in Spratlys**
95CM0398A Beijing GUOFANG [NATIONAL DEFENSE] in Chinese No 7, 15

[Article by Honorary Chairman of the Board of Directors of the Chinese Maritime Academy Luo Yuru (5012 6877 1172); editor, Wang Shengrong (3769 3932 5554): "Give the Argument That China Constitutes a Threat to the South China Sea" a Rest!"]

[FBIS Translated Text] [Excerpt] In recent years, some people from Western countries with ulterior motives have constantly spread a strange argument, the so-called notion that "China constitutes a threat to the South China Sea."

It appears that just wanting China's fishing boats, scientific observation ships, and geological survey ships to carry on their work in the South Sea area which is under China's jurisdiction, and especially such things as the Chinese navy's normal training and legitimate patrols, escorts, and protection of fishing are looked upon as a "threat." Recently, some people used the fact that the Chinese local fishing department constructed a shelter on Meiji reef in the Spratly Archipelago to raise a dispute and spread the word that China's peaceful use of the Spratly Archipelago is something "unfavorable to the safe navigation of the South China Sea."

We cannot ignore these hackneyed and stereotyped expressions. We must righteously refute them. [passage omitted]

As far as China is concerned, the appearance of the so-called "sovereignty

dispute" in the South China Sea is unexpected, and what is more, China was not the first one to provoke it. The historical fact is that first China proclaimed internationally that it "has historical right" to the "historical waters" in the South China Sea and international society recognized "China's South China Sea sovereignty," and later some countries raised territorial claims toward these "historical waters." It was not until the late 1970s that some surrounding countries triggered some

disputes. One after another they unilaterally announced the sea boundaries that they were advocating and one after another publicly brought up their territorial demands in the South China Sea with twenty or thirty years intervening, thereby causing what everyone sees as unprecedented piling up of claims of South China Sea borders. At the same time, several actual steps have been taken by some countries, the most spectacular of which have been the military occupation of some islands and reefs or large-scale petroleum exploitation and surveying and exploitation of other seabed resources.

This type of so-called "dispute" can only be generally understood and resolved according to the principle of the "laws of the time." In other words, a legal fact must be determined in accordance with the laws in effect at the time, and not decided according to the laws of time that this historical fact produced a so-called "dispute" or the time that the so-called "dispute" is being resolved. Article 15 of the 1982 *United Nations Maritime Convention* clearly indicates that in resolving disputes, a country's "historical possession" must also be considered. To attempt to use a method such as "measuring the distance" to determine the sovereignty of the Spratlys is really silly and ridiculous.

China's sovereignty in the Spratlys and nearby sea area cannot be disputed by any country, and no words or actions of China in safeguarding its sovereignty in the Spratlys constitutes the slightest threat to any country. This is determined by China's basic foreign policy. China was the originator of the Five Principles of Peaceful Coexistence, and as early as the 1950s, put them into the first constitution of the People's Republic of China. China cherishes its sovereignty in the Spratlys and definitely will not permit anyone to use any excuse to interfere with or infringe upon Chinese sovereignty. As regards international disputes, China also consistently advocates peacefully resolving them in the spirit of mutual understanding and mutual accommodation and seeking common ground while reserving differences. As regards the Spratlys issue, the Chinese government advocating "setting aside disputes and jointly exploiting" as proposed by Comrade Deng Xiaoping, has actively explored ways to jointly exploit the "disputed areas" with the countries concerned to safeguard regional peace and an overall stable situation and guard against the production of tensions. Regrettably, it has not received a positive response from the countries concerned at all. On the contrary, they unscrupulously continue to expand their military occupation and intensify their unilateral petroleum exploitation, and use various arbitrary means to obstruct Chinese fishermen from fishing on the sea and interfere with Chinese scientists' observation and study.

China is a continental country as well as a coastal country. It has more than 18,000 km of coastline and more than 6,500 islands, as well as numerous reefs, shoals, and sandbars, and various scientific and technical forces that use the ocean for development and exploitation, and China's own maritime resources to be used for exploitation. It has developed strong maritime defense forces to safeguard China's own maritime interests and protect Chinese fishermen who fish on the sea and Chinese scientific observation and study teams' work on the sea and guard against foreign aggression. This is completely the internal affair of a sovereign country. From this it can be seen that spreading the

argument that "China is a threat to the South China Sea" is a sinister attempt to sow discord in China's relations with some surrounding countries to limit the development of China's navy (including other maritime forces) and weaken China's maritime defense forces. So, under the pretense of opposing "the threat that China creates for the South China Sea," they create the excuse for the countries concerned to seize and swallow up China's Spratly Archipelago and attempt to make their seizing of China's Spratly Archipelago permanent and legal.

General

Officials Study Jiang Zemin's Speech on Reform

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[Article by reporter Jiao Ran (3542 3544): "Face Difficulties Squarely and Strengthen Our Confidence for Effective Implementation of State Enterprise Reform — A Summary of the Discussion Meeting on Studying and Implementing General Secretary Jiang Zemin's Important Speech on State Enterprise Reform"]

[FBIS Translated Text] Beijing, 17 Sep (XINHUA) — The CPC Central Committee's Propaganda Department and the State Economic and Trade Commission jointly held a discussion meeting on 5 September on studying and implementing General Secretary Jiang Zemin's important speech on state enterprise reform.

Participants of this discussion meeting included persons in charge of the State Planning Commission, the Ministry of Finance, the People's Bank of China, the State Economic Restructuring Commission, the All-China Federation of Trade Unions, and the Ministry of Labor; experts and scholars of the State Council's Development Research Center; the Chinese Academy of Social Sciences; the Chinese People's University; and QIUSHI magazine; and persons in charge of Shougang Corporation, Beijing Yanshan Petrochemical Corporation, Beijing Mudan Electronics Corporation, and Beijing Matsushita Color Picture Tube Corporation. Economists and enterprise and government leaders attending the discussion meeting felt that it is of vital and practical significance for further promoting state enterprise reform to study and implement the guidelines of General Secretary Jiang Zemin's important speech. Centering on General Secretary Jiang Zemin's speech, all the participants held discussions on the situation and difficulties in current state enterprise reform, the direction and future of state enterprise reform, and ways for solving various difficulties faced by state enterprises.

Wang Zhongyu, minister in charge of the State Economic and Trade Commission, said at the meeting: The publication of General Secretary Jiang Zemin's speech on state enterprise reform drew strong reaction in economic, business, and academic circles. The party organization of the State Economic and Trade Commission conveyed the guidelines for study on two separate occasions. The speech expounded on the current situation faced by our country's enterprise reform and pointed out the direction and tasks for current and future state enterprise reform. In particular, the speech made an in-depth exposition on some major problems encountered in state enterprise reform. The speech carried very important meaning for unifying our ideological under-

standing, defining reform tasks, and making all-out efforts to further deepen state enterprise reform.

Wang Zhongyu said: To implement well the guidelines of General Secretary Jiang's speech, it is necessary to understand and master the following aspects:

First, we must earnestly study and fully comprehend the speech. The entire speech dialectically expounded on some major problems from two angles. For example, the speech touched on the good situation of state enterprise reform — state enterprises have undergone major changes through years' of reform and a group of well-managed enterprises have emerged. On the other hand, the speech pointed out that it is essential to attach importance to the difficulties and problems existing in state enterprises, which will make deepening of state enterprise reform difficult if they are not solved. On deepening enterprise reform, the speech stressed that in strengthening enterprise management, reform and management are not contradictory, but rather are unified. Without good management, it is impossible to consolidate well reform achievements. On the contrary, without the reform spirit, it would be impossible to establish a new enterprise management system. On bringing into play the workers' role and relying on the working class, the speech simultaneously stressed the responsibility and role of state enterprise leaders, saying that it is necessary to strengthen the building of leading bodies.

Second, we must unify our ideological understanding with the speech's guidelines. A very important point is to further strengthen our resolve and confidence for effective operations of state enterprises. The resolve and confidence for effective operations of state enterprises is derived not only from analyzing and verifying the current situation of state enterprises, but also from summing up practices in state enterprise reform and evaluating the prospects for reform. Strengthening our resolve and confidence for effective operations of state enterprises is a very important ideological base. We can definitely invigorate state enterprises with this ideological base.

Third, we must deepen our understanding and comprehension of the reform of state-owned enterprises. This year, the reform of state-owned enterprises is characterized by the following points: 1) With the adoption of reform orientation, strategic goals, and supplementary measures at the Third Plenary Session of the 14th CPC Central Committee, state-owned enterprises will begin to conscientiously carry out reforms this year. 2) The whole party has reached a common understanding about many major problems concerning the reform of state-owned enterprises. 3) We have basically figured

out the problems existing in state-owned enterprises. We also have come out with measures to solve these problems. In fact, some of these measures are now put into practice. 4) Four pilot projects approved by the State Council are implemented in a comprehensive manner. These projects, which are progressing smoothly, include efforts to establish a modern enterprise system in 100 selected enterprises, to optimize capital structure, and to form 56 enterprise groups and three state holding companies. 5) The reform has touched some deep-seated contradictions; and some key problems are now being solved through these pilot projects.

Fourth, in carrying out the guiding spirit of the speech, we must uphold the principle of proceeding from realities and maintaining close ties with these realities. By realities, we mean ideological understanding, enterprises' working capacity, the state's financial ability, and society's ability to shoulder its burdens. It is not possible to improve the management of all enterprises all at the same time. But we should start with key enterprises first. Neither is it possible to solve all problems encountered by state-owned enterprises instantly. But we should solve key problems first.

Fifth, we should strengthen our leadership in spite of difficulties. We are now restructuring state-owned enterprises in our own way — a way with Chinese characteristics. The road we are following is an unprecedented one. The modern enterprise system we are establishing is also new to all of us. Therefore, we should fully understand that many difficulties and problems are bound to crop up in the course of establishing this system. We firmly believe that so long as all departments concerned work together in a cooperative manner, we certainly can improve the management of state-owned enterprises. We also are confident that state-owned enterprises will succeed in blazing a new trail for future development — an approach with Chinese characteristics.

Wang Chunzheng, vice minister of the State Planning Commission, said: General Secretary Jiang Zemin's speech is of great significance in providing guidance for the reform of enterprises. It is protracted and arduous work to restructure state-owned enterprises. It is possible for enterprises to gradually resolve a series of deep-seated contradictions and problems in the course of reform by improving their structure and establishing a modern enterprise system. We should strive to create a fine macroeconomic environment for the reform of enterprises. To maintain stable, rapid, and healthy development of national economy, the CPC Central Committee has chosen curbing inflation as a primary task for this year's macroeconomic control work. Since the beginning of this year, we have adopted a series of policies

and measures to stabilize and control commodity prices. As a result, prices for some commodities have dropped, which is critically helpful for improving the management of state-owned enterprises. Relevant departments have paid great attention to the fact that state-owned enterprises are heavily burdened with debts. With the approval of the State Council, some enterprises begin to carry out a system, in which funds obtained from the state as loans are changed into state capital funds. This system will be gradually introduced to other enterprises. With the help of the State Economic and Trade Commission and other relevant departments, the State Planning Commission and the Ministry of Finance will conscientiously organize enterprises to carry out this work.

Wang Chunzheng said: In his speech, General Secretary Jiang Zemin pointed out that "we should concentrate on improving the management of a group of large enterprises. A state that wishes to develop economy, carry out industrialization, and enhance overall economic quality should rely mainly on large enterprises and enterprise groups." To meet the needs of readjusting the structure of industrial enterprises and carrying out the large-company and large-group strategy, the State Council has focused on developing 1,000 large state-owned enterprises in a bid to form intertrade and transregional large-sized enterprise groups and turn them into the pillars of national economy. This is an important measure to promote national economy. This is also of practical significance in promoting the healthy development of national economy. The State Planning Commission has included the effort to push forward the development of large and medium-sized enterprises as an important task for its studies of the Ninth Five-Year Plan and program for the long-term goal until 2010.

Sun Shangqing, director general of the Development Research Center under the State Council said: In carrying out the guiding spirit of General Secretary Jiang Zemin's speech, we must correctly handle the following five matters: 1) Correctly understand the idea of establishing a modern enterprise system that meets the requirements of the market economy and in which property rights as well as the rights and responsibilities of enterprises are clearly defined, government administration and enterprise management are separated and scientific management is established. 2) Correctly understand and handle the relations between "point and area" [referring to the relationships between selected spots and the entire area]. 3) Correctly understand and handle the relations between running well large enterprises and liberating small enterprises. 4) Correctly understand and handle the relations between uniformity in principle and diversity in form. 5) Correctly understand and handle the relations between macroeconomic reform and microeco-

conomic mechanism. He said: In carrying out the reform of state-owned enterprises, we must adhere to the following three principles: 1) While carrying out the reform of enterprises, we should stop the loss of state-owned assets. 2) We should use the little investment we have to invigorate as many assets as possible. 3) In carrying out enterprise reform, we should change the one type of economic growth by putting a stop to blindly seeking for the output value and manufacturing the products that are hard to sell. In carrying out reform, enterprises must gear themselves towards the market and enter the market.

Luo Bingsheng, general manager of Shougan Corporation, said: General Secretary Jiang Zemin said in his speech: "Only by having a good leading group can we wholeheartedly rely on the working class and mobilize to the greatest extent its enthusiasm; only by having a good leading group can we have a good mechanism, produce good products, enhance the ability of an enterprise in market competition, and run the enterprise well." The changes that have taken place in Shougan Corporation prove that this statement is totally correct. Over the last six months, the new leadership in Shougan Corporation has made great efforts to improve ideological construction and work style. We have emphasized that, as leaders of a state-owned enterprise, we must first and foremost be communists, keep firmly in mind the purpose of serving the people wholeheartedly, and highly value and correctly wield the power in our hands. Next, we have reformed the leading system of Shougan Corporation by carrying out the guiding spirit of the principle adopted at the Fourth Plenary Session of the 14th Party Congress, which says that state-owned enterprises should "bring into full play the role of party organs as the political core, uphold and improve the responsibility system of plant directors (managers), and rely on the working class wholeheartedly." We have established a new system in which the party committee, administration, and trade union carry out their respective duties and coordinate the work. We make sure that, while making decisions on major issues, we will subordinate ourselves to the requirement of the state's macroeconomic control, conscientiously accept the supervision of workers and staff members, and strive to achieve the goal of making decision in democratic and scientific way. Our sales revenue increased by 9.7 percent during January-July period this year, as compared with the same period last year. Our production-marketing ratio reached 103.46 percent, an increase of 20.35 over the same period last year. This result has caused strong repercussions among our workers and staff members. All of us believe that this is a new starting point for Shougan Corporation. Facts prove that the construction of an enterprise's leading group has

great bearing on the success or failure of the enterprise itself. As far as the responsibility is concerned, it would be safe to say that what an enterprise is can be shown by its leadership.

Yang Anjiang, secretary of the party committee of Yan-shan Petrochemical Corporation in Beijing, said General Secretary Jiang Zemin's important speech on reform of state-owned enterprises points out: "At present, some state-owned enterprises are still faced with many difficulties and problems in market competition. There are many reasons for this, and the circumstances are fairly complex. However, it can be said with certainty that the lack of vitality in some state-owned enterprises is not caused by the question of ownership system but by their mechanisms, external environment, and issues left over from the past." The condition in our corporation has proved that Comrade Jiang Zemin's judgment is entirely correct. As a key enterprise of the state, our corporation has made major contributions to the state, but in the course of moving toward a market economy, our poor mechanisms, lack of development capacity, and low efficiency began to be gradually exposed. This was caused by social problems such as integration of government administration and enterprise management, historical burdens, and excessive debts, as well as by international problems such as irrational product mix, poor supporting facilities, and unscientific management. Therefore, it is not impossible to adopt just one measure for the solution of all problems in state-owned enterprises, and it is also impractical to achieve everything with only one stroke. It is necessary to resort to a comprehensive way of solving the problems. We believe that the close integration of reform, reorganization, and transformation with better management is the effective way of improving state-owned enterprises. We should promote economic development by raising productive forces and improving production relations and invigorate enterprises through reform. We should enhance enterprises' strength through technical transformation. At present, state-owned enterprises should improve management. This is a job that brings about high benefits with only a little investment. This year, our corporation will be able to increase its efficiency by nearly 100 million yuan by improving management.

Chen Jie, general manager of Mudan Electronics Group Corporation in Beijing, said: In his speech, General Secretary Jiang Zemin comprehensively expounded on the relationship between enterprise reform and improved enterprise management by applying a dialectical point of view. His speech serves as guidance for us to continue improving enterprise management. Improvement of the external environment of an enterprise has been emphasized in enterprise reform in the past few years.

This means giving enterprises greater decision-making power and creating a condition for them to develop in the environment of market competition. The improvement of external conditions is not only necessary but should be further pursued. However, there really exists a tendency toward replacing management with reform and neglecting enterprise management, which has resulted in the emergence of lax enterprise management and lax discipline, serious wastefulness, and the lack of supervision and a self-restricting mechanism. I believe that strengthening management is a permanent task of an enterprise. No matter how the external environment of an enterprise has changed, the leaders of an enterprise should always concentrate on internal management, because how an enterprise is managed fundamentally reflects its quality and strength. Moreover, new modes, new means, and new content should be added to enterprise management in light of new situations. Therefore, there is no end to enterprise management. Still less should we entertain the idea that a solution will hold true for all time. Take the Mudan Group Corporation, for example. Our corporation was first named by the state as a second-grade enterprise and a first-grade energy management enterprise. However, as reform deepened and as we developed, the situation demanded that we improve management to a new level. To achieve this end, we introduced strategic management for our own development, planning our development by setting long-term strategic goals; we used computers to manage our daily operations to ensure that our management is scientific and efficient; we adopted the ISO 9000 [International Standards Organization] international standard to manage quality in order to make quality management systematic; we enhanced unity within the enterprise by conducting education based on science among staff members and workers.

Fang Xide, vice chairman of the All-China Federation of Trade Unions, said General Secretary Jiang Zemin's speech is a very important document that provides guidance for enterprise reform. He said: In setting up a modern enterprise system, is it still necessary to serve the people wholeheartedly? This is a fundamental question concerning the correct orientation for reform of state-owned enterprises, concerning the success and failure of the cause of socialism with Chinese characteristics, and concerning the future and destiny of the party and the state. CPC leadership is, in the final analysis, the leadership the CPC exercises among the people so that they can act as the masters of their own country more properly. The role played by the vast number of workers as the masters of their country and enterprises has a direct bearing on the party's ruling status. Safeguarding and consolidating workers' status as masters of their country and enterprises are the fundamental and char-

acteristically Chinese indicators guiding enterprises' efforts to reform and establish a modern business system. To study and implement General Secretary Jiang Zemin's important speech and to follow the guideline of deepening enterprise reform and establishing a modern business system, our guiding thought must be one that we must firmly establish the concept of wholeheartedly deepening it for the working class, and that we must have operating rules and mechanisms by which workers can effectively take part in democratic management. We must attach great importance to the role played by trade unions and give full scope to their functions, making sure that they serve as a bridge or a cord through which the party can forge close ties with workers. Party and government organizations and trade unions must work together and count on the working class in pushing forward the great cause of building socialism with Chinese characteristics.

Chinese People's University professor Wei Xinghua said: State-owned economies play an important role in the socialist market economy. Their role as being the mainstay finds expressions mainly in the following areas: 1) The superiority of the socialist economy is primarily reflected by the superiority of large and medium enterprises. We cannot possibly build socialism with Chinese characteristics without state-owned enterprises or state-owned economies as the mainstay. 2) The development of state-owned economies plays a role crucial to economic, social, and political stability. 3) State-owned economies serve as the material basis of a socialist society to realize state, social, overall, and long-range interests; and they are the economic power with which the state exercises its macroeconomic regulation and control. 4) State economies play a leading role with respect to developing socialist productive forces, increasing the combined national strength, improving the people's living standards, achieving efficiency and impartiality, and achieving common prosperity. He said: In order to function as the mainstay, state economies must be able to maintain their dominance among important and crucial trades and areas of the national economy; and they must deepen their reform, tighten management, establish a modern business system, and have the environment and mechanisms for development, and — both in theory and in practice — count on the working class and let them display the spirit of being the masters of their own country. 5) State-owned economies are important pillars ensuring China's economic independence.

Zhou Shulian, research fellow of the Institute of Industrial Economy under the Chinese Academy of Social Sciences, said: General Secretary Jiang Zemin said in his speech that enterprises must organically integrate their reform and their efforts to improve management.

This is an important policy for accelerating enterprise reform and an important measure for dealing with the problems now confronting state-owned enterprises. The examples of some relatively well managed state-owned enterprises show that, without exception, they have all proceeded with deepening reform and tightening management simultaneously. To improve their management, state enterprises must heighten their understanding of the importance of management. First of all, they must understand that management is also a productive force. People in developed countries compare scientific management and modern technology to "two wheels" of economic growth. In addition to realizing that management is a productive force, we must also realize that management is a way to streamline production relations. The fact that some capitalist countries are able to alleviate their economic problems after some time has everything to do with their efforts to improve business management. For example, they have made every effort to provide consumers with quality goods and services, encourage workers to take part in management, and do away with certain phenomena of unfair distribution within enterprises, doing all this through improving business management. While we cannot totally blame management for such problems as unsold products, declining quality, rising cost, and capital shortage in China's industrial production, poor management is an important cause of these phenomena, as well as an important cause of the many problems confronting out enterprises today. This being the case, tightening enterprises' management has become an extremely important task that we cannot afford to ignore.

Representatives from the Ministry of Finance and the People's Bank of China spoke on state-owned enterprises capital as well as assets and liabilities.

Yu Liegui, deputy chief of the Department of Industry and Communications under the Ministry of Finance, said: Most state-owned enterprises have the problems of heavy debts and capital shortages. Thus, establishing and improving the mechanisms governing enterprises' work of accumulating and using capital is an important aspect of enterprise reform and a basic requirement for enterprises to ensure their autonomy, financial independence and development and exercise self-restraint. While restructuring themselves, state-owned enterprises should also do a good job in the following areas: 1) They must maintain the integrity of their capital through following the "two principles" [liang ze 0357 0463] and implementing the "two systems" [liang zhi 0357 0455]. 2) They must deal with their unresolved historical problems and check their capital through appraising their assets and circulating funds. 3) They must explore ways to replenish their circulating funds in accordance with

the pilot projects which enterprises in 18 cities are carrying out to "optimize their capital structure." 4) They must increase their capital through selectively experimenting with measures of replacing loans by investments. 5) They must study ways to increase their capital through absorbing funds in society. 6) They must accumulate more capital through achieving higher economic returns.

Chen Yaoxian, assistant to the People's Bank of China governor, said: State-owned enterprises' bad debts and state banks' bad loans are two sides of a coin. Solving this problem is urgent for deepening the reforms of state-owned enterprises and state banks during the Ninth Five-Year Plan period. There are several main reasons why state-owned enterprises' liabilities are rising. 1) Most enterprises do not have market mechanisms. Some enterprises' products do not have a stable market. It is quite common for enterprises borrowing money to produce unmarketable goods. Some new loans they have borrowed are used for producing more unmarketable goods. 2) Unrealistically launched production projects have tied up their circulating funds. 3) Most enterprises have excessive social burdens to bear, and because of their inability to make up the losses incurred over the years, their burdens have become increasingly heavier. 4) Most enterprises' capital is tied up by "debt chains."

Chen Yaoxian said: To reduce their debts, state-owned enterprises must tighten their management and expand their capacity for accumulating capital. First of all, they should establish a system of managing their capital. The state should clearly prescribe that before a new enterprise is established, or before a new project is launched, it must have at least 20 to 30 percent of the needed capital; that enterprises should not be allowed to invest their circulating funds in fixed assets because this will increase their debts; and that there must be regulations stating that an enterprise must use a certain percentage of its after-tax profits on replenishing its capital. Second, the access to direct financing should be appropriately broadened. There should be well-conceived plans and guidelines to guide the people to invest their money in various businesses. There can also be investment funds with money for investing in newly established enterprises. Certain state-owned enterprises may also be permitted to become joint-stock corporations with urban and rural residents as their shareholders. Third, state treasuries and banks should give state-owned enterprises the support they need. Treasuries should instill capital into those fully state-funded enterprises which the state must protect, and allot to enterprises on a timely basis the funds they should receive. On the basis of appraising state-owned enterprises' assets and circulating funds, banks should have special credit policies for state-

owned enterprises. Banks should also support those enterprises producing competitive, marketable, and profitable goods. Enterprises producing marketable goods even though they have been losing money in recent years should continue to obtain loans. Special loans should be used on special projects only. New and old loans should be settled separately. Perennially unprofitable and insolvent enterprises that are unlikely to pay back their debts should be merged with other enterprises or should be declared bankrupt. State banks should support those enterprises which have to declare bankrupt or which have to be merged with other enterprises.

Ni Xiaoting, deputy secretary general of the State Economic Restructuring Commission, said: At present, to deepen reform in enterprises and to properly enhance the state-owned economic sector, we should mainly improve enterprise mechanisms and their external environment and resolve issues left over from the past. We must carry out a comprehensive and correlated reform as the three aspects are interrelated. The comprehensive and correlated reform will aim not only at enterprises' external environment, but also at enterprise mechanisms and the issues left over from the past. The central authorities have specified we should strive to renew the system governing enterprise mechanisms so as to establish a modern enterprise system. The issues left over from the past, when viewed offhandedly, may not be considered as problems under the reform category. However, they have arisen because the macroeconomic system and enterprise mechanisms could not satisfy the requirements of a market economy. Therefore we need to rely on reform to fundamentally resolve them. We cannot resolve the problems unless we carry out the comprehensive and correlated reform. Improving enterprises' external environment is the key to deepening reform in enterprises at present. The change in enterprise mechanisms has been slow mainly because the separation of government and enterprise functions, and the establishment of a market system and social security system have lagged behind. Our reform in state enterprises aims at comprehensively improving the state-owned economic sector. Consequently, we should consider to carry out a comprehensive and correlated reform in medium-sized cities, where we separate government and enterprise functions, establish the market system, and reform the social security system. Moreover, we should also correspondingly and comprehensively coordinate with relevant units of various party committees, the Chinese Communist Youth Leagues, and trade unions that may have an impact on reform in enterprises so as to carry out the relevant reform in an all-round manner. Thus, we will accomplish better results, and it will be easier for us to attain the experience of carrying out the reform in an all-round manner.

Vice Labor Minister Liu Yazhi believed that we should reform social insurance as an important aspect in state enterprises' external environment. In other words, whether or not we have improved the social insurance system has become an important factor that has a direct impact on state enterprises' deepened reform. In his speech, General Secretary Jiang Zemin urged us to expeditiously establish a multilevel social security system, and to promptly establish and improve later, a multilevel pension, unemployment, and medicare insurance system in particular. In accordance with this requirement, we should work hard, make greater efforts, and gradually establish a social security system that suits the socialist market system, that covers all urban employees, that levies charges and offers returns rationally, whose funds will be regulated and spent for this system alone, and that provides a relatively high-level of administration and socialized services. At present, first, we should, in accordance with the State Council's requirements, further deepen reform in the pension insurance system, strengthen our guidance in experimentally reforming the regulations governing pension fund plan, and establish mechanisms to regulate pension fund so as to guarantee retirees' basic livelihood. Second, we should improve the unemployment insurance system. We should guide and coordinate with relevant units on ways to properly rechannel, arrange job placements, and pay unemployment funds to excessive workers while building a modern enterprise system. Third, we should expand in experimentally reforming the medicare insurance system by choosing one or two cities in every province and carrying out similar projects there. Additionally, we should also accelerate legislation on social insurance, properly carry out social insurance tasks according to law, and promote and enhance reform in enterprises.

Zheng Zonghan, director of journal QIUSHI's economics department, said: Whether we can increase material production in the state-owned economic sector, especially in large and medium enterprises, will have important impact on at least the following three aspects in the national economy: It will directly affect, first, the rate of the national economic development; second, the state's long-term progress; third, the broad masses of people's livelihood. In short, if we fail to improve the state-owned economic sector, we will encounter difficulties in attaining a relatively well-off living standard by 2000 and in achieving the three-step strategic objectives.

Wu Weicheng, executive deputy director of the CPC Central Committee Propaganda Department, said: News propaganda departments in various localities should earnestly study General Secretary Jiang Zemin's impor-

tant speech and learn new knowledge so as to properly publicize and report on reform of state enterprises.

Chen Qingtai Interviewed on Enterprise Reform

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[Report from "Special Interview" column by staff reporter Zhao Yining (6392 2011 1337): "Thoughts on Running State Enterprises Well Under the New Situation—Interviewing Chen Qingtai (7115 3237 3141), Vice Minister of the State Economic and Trade Commission"]

[FBIS Translated Text] The reform of state enterprises involves great difficulties and is a question of universal concern. Can the performance of state enterprises be improved? How can it be improved? This reporter put these and other questions to the vice minister of the State Economic and Trade Commission in a recent interview.

Four Difficulties in the Reform of Enterprises

[Zhao Yining] The decision of the 3d Plenary Session of the 14th CPC Central Committee has drawn up the plan for economic structural reform in the whole country, deciding that we should initially establish a socialist market economy before the end of this century. Can you tell us the goal of the reform of state enterprises currently underway?

[Chen Qingtai] The goal of enterprise reform must be subordinated to the overall goal of economic structural reform. The goal of the reform state enterprises is to basically establish before the end of this century an operational mechanism and the framework of a modern enterprise system that meet the needs of the socialist market economy, and to ensure that large and medium-sized state enterprises can continue to play their dominant role in the socialist market economy. Based on this overall plan, we intend to divide our tasks in the next few years into two stages, which we will refer to as "the first two years and the last four years." This year and the next will form the first stage. The main task for this stage is to link work at selected spots with that in entire areas, put the emphasis on experiments and on the formation of complete systems, and strive to make breakthroughs. In the last four years, we must sum up experience, strengthen the rules and regulations, and gradually popularize the experience gained. The overall idea is to make breakthroughs on the key issues and difficult problems of enterprise reform through experiments carried out at selected spots. On the basis of the breakthroughs made, efforts must be made to elevate practices that are of a regular nature to the level of laws and regulations and gradually

popularize these practices in entire areas. In my opinion, the difficulty of the reform lies in making breakthroughs. Once breakthroughs are truly made, it will be much easier to gradually implement the changes in entire areas.

[Zhao Yining] The realization of the goal of enterprise reform cannot be attained merely by granting tax abatement, allowing enterprises to retain more profits, cutting red tape, and delegating power. It involves some of the problems at the deeper level of the old system. The reform of enterprises has been going on for many years now, and much progress has been made. What are the difficult problems that remain to be tackled? What are the problems at the deeper level that call for breakthroughs?

[Chen Qingtai] I personally think that the following four questions deserve our attention, or I should say cannot be evaded.

The first question is how to achieve the separation of government and enterprise functions. We have been talking about the separation of government and enterprise functions for more than 10 years. On the whole, some progress has been made in this regard, but the question has not been fundamentally resolved. We have said repeatedly that we should delegate power to enterprises. Although enterprises have been given the power to make their own decisions in 14 respects following the promulgation of regulations on changing the operational mechanism of enterprises in 1992, and progress has been made in the implementation of these regulations, the problem has not been completely resolved. Thus, the task remains arduous. What we must do now is further implement the regulations on the transformation of operational mechanism and give enterprises the power of management. From now on, we must continue to implement the supervisory regulations promulgated last year. On the one hand, we must assign supervisory committees to state enterprises and strengthen supervision over the state-owned assets of these enterprises. On the other hand, we must ensure implementation of the corporate property rights of enterprises so that enterprises can make their own management decisions according to law. Another important condition for ensuring the separation of government and enterprise functions is to reform government organs. The main duty of some of the existing government organs is to manage state enterprises. If state enterprises are allowed to enter the market as independent corporate bodies, there must be corresponding reform in the government organs. Xiamen, Shanghai, and Qingdao have made explorations in this connection. Another important task in the separation of government and enterprise functions is to pass on to the government the community services currently

provided by enterprises. Enterprises have been providing community services for many years. Now that they have to enter the market as independent entities, they will not be able to compete with others on an equal footing with all these burdens. However, many problems will arise if these functions are to be passed on to the government. In the separation of government and enterprise functions, the principal contradiction lies with the government. The power of management that should be handed down to enterprises has not been completely handed down, and the government has not yet taken over the social management functions currently undertaken by enterprises.

The second question is how to establish a system with clearly defined limits of power and responsibility for the management, supervision, and operation of the state-owned assets of enterprises. This is a question of the reform of the state-owned assets management system which will invariably be touched on in the deepening of enterprise reform. The total value of working state-owned assets in China (excluding assets in the form of resources and public institutions) is estimated to be 2.600 trillion yuan. In the course of the establishing a socialist market economic system, how these assets should be put into the market from the business angle and how they should be managed and supervised from the government angle are major issues to be addressed. As the reforms deepen, many problems with the existing state-owned asset management system have been exposed. I am grouping these problems into four categories: First, state ownership and management responsibility are not clearly defined. State ownership remains unshaken, but the lack of clearly defined management responsibility has led to the runoff of state-owned assets. Regrettably, when we discovered the runoff of state-owned assets and decided to pursue the responsibility, we had no idea who was to blame. According to an estimate made by the State Economic and Trade Commission, state-owned industrial enterprises lost state assets worth about 230 billion yuan through various channels between 1987 and 1992. In the course of reform and opening up, practically every unit was trying to pocket state-owned assets with its own interests in mind. This was done by government organs through policy stipulations and by the enterprises and foreign investors. Another major loss arises from the fact that the rate of depreciation for state enterprises has been kept so low that it cannot cover the tangible and intangible wear and tear of enterprises. We may call this biting our own leg because we are the ones who laid down the policies. Second, the owner is not represented in enterprises. For a long time we have been asking ourselves, "Whom do factory directors and managers represent?" The fact is, factory directors and managers can neither represent the labor-

ers nor represent the owners. They are the operators. Thus, when enterprises are engaged in short-term activities or irregularities due to the absence of supervision of state-owned assets by owners who actually work in the enterprises, the state owner knows absolutely nothing about it. State-owned assets are assets managed by the government on behalf of the people. If the government is a long way away from the enterprises, how can it discover the problems at the micro level? Third, under the existing method of management of state-owned assets, any government department could interfere with the production and operation of enterprises as their owner, but does not have to pick up the pieces when it has made a mess of things. Fourth, since the representatives of property owners have not established themselves in the enterprises, the power of enterprises to make decisions as owners remains in the hands of the government. In the past, important decisions made by enterprises had to be examined and approved by the planning departments, fiscal departments, personnel departments, and labor departments of the government. Such a state-owned asset management system has actually evolved into a system where there is only one board of directors, the government, for hundreds of thousands of state enterprises, and individual enterprises do not constitute an independent legal person in the true sense of the word. This has led to an excessively low use rate of state-owned assets.

In establishing a system for the management, operation, and supervision of state-owned assets, we are actually trying to bring about the separation of the operation and management functions of the government from its function as the owner of state-owned assets, and to separate the functions of management and supervision from the function of operation in the handling of state-owned assets. Such a system for the management, operation, and supervision of state-owned assets is an important system for guaranteeing the safety of state-owned assets and for the sustained appreciation of state-owned assets.

In the present stage of reform, the question of state-owned assets has already been put on the agenda, but views remain divided. Some enterprises believe that part of the state-owned enterprise assets should belong to the enterprises themselves. The state no longer gave enterprises any allocations after 1983, and enterprises had to rely on loans for transformation funds and circulating funds. This led them to draw the wrong conclusion that they owned the assets after repayment of loan capital plus interests. Some local governments believe that they are entitled to part of the state-owned enterprise assets because these were created as a result of their policies of tax abatement and profit concessions. Many think that enthusiasm cannot be aroused unless

this is done. However, the problem is not that easy to resolve. If we resort to this method to define the relations of property rights, we will have to carve up state enterprises, which will lead to chaos if not properly handled. How are we going to divide assets in the whole country? Given that allocations by the state have not always been even in all these years since liberation, how are we going to redivide the assets? In short, this is a question of great importance, one that is of concern to all. If it is properly handled, the enthusiasm of all quarters will be aroused and a good foundation will be laid for the socialist market economy. If it is not properly handled, there will be some bad after-effects. Thus, our present policy should be to conduct experiments in a small number of enterprises and cities. If the whole country starts redividing property rights all at once before legislation is in place or before feasible measures have been found, there are bound to be problems and undesirable results.

The third question is how to change the operational mechanism of enterprises. This may be described as a "born again" process, and the description is by no means over-exaggerated considering the profundity of the change.

The last has to do with the three burdens left by the planned system. The first burden is that as a result of the policy of high employment and low income which has been in force for a long time, our enterprises are seriously overstaffed. Some suggest that about one-third of the staff and workers are redundant. State enterprises in China are currently employing 76 million staff and workers, and one-third of this number means more than 25 million. In principle, surplus staff and workers have no output, but still draw salary and welfare benefits. Assuming that per-capita annual expenditure on these people is 5,000 yuan, it will add up to 125 billion yuan a year. Last year, the profits of state enterprises only totaled 90 billion yuan. In addition, state enterprises have to support more than 20 million pensioners. The second burden is debts. Our enterprises are faced with mounting debts. According to an appraisal of the assets and funds of 124,000 state enterprises made by the State-Owned Assets Administration Bureau last year, the overall borrowing rate was 75.1 percent. On top of this, they had account payables of 440 billion yuan. If these sums are offset against their bank loans, the burden will be too much for the banks; if they are offset against their capital, their borrowing rate will soar to about 85 percent. How can they operate if they have to rely on loans for 85 yuan out of every 100 yuan? Industrial enterprises are paying more than 100 billion yuan in interest payments each year. The last burden is community services provided

by enterprises. At present, there are 18,000 schools under state enterprises, with 6.1 million students and 600,000 teachers and staff members. Hospitals run by state enterprises have one-third of the total number of hospital beds in the whole country. Some enterprises even have their own public security, fire services, and nonstaple food production bases. They also provide care during childbirth, illness, and old age and make burial arrangements for the dead. This has changed the nature of enterprises and brought about serious consequences. In addition to their economic burdens, these unshirkable social functions have also compelled enterprises to go after some mutually conflicting targets and put enterprises directors and managers on the spot. Without a clear target, how can we run our enterprises well?

In resolving these problems at the deeper level, it will not do merely trying to resort to the previous practices of cutting tax and allowing enterprises to retain more profits, cutting red tape and delegating power to enterprises, and repeatedly readjusting the policies toward enterprises under different ownership systems. To tackle the tasks of separating government and enterprise functions, transforming the management system of state-owned assets and the operational mechanism of enterprises, and resolving problems left by history, it is necessary on the one hand to carry out supporting reforms and adopt comprehensive measures to provide enterprises with the necessary external environment, and on the other hand to renovate the enterprise system and seek a new organizational form which will facilitate the separation of government and enterprise functions, the clear demarcation of property rights, and the development of checks and balances between the owners, operators, and laborers of enterprises.

Thoughts on Running State Enterprises Well Under the New Situation

[Zhao Yining] I have noticed that you have put great emphasis on "the new situation" in your discussions on the reform of state enterprises on many occasions. What do you mean by the new situation?

[Chen Qingtai] After the introduction of major measures for economic restructuring in 1994, the concept, method, and means of running state enterprises well have faced a major readjustment. The reforms in 1994 have brought about a new situation. Before 1994, reforms aimed at running state enterprises well had two distinctive features: First, policies were constantly readjusted with differences in the nature of ownership of enterprise assets in mind. For example, when state enterprises run into difficulty, the method of offering tax cuts to enterprises and allowing them to retain more profits was adopted.

When development of township enterprises was needed, special policies were drawn up for them. When foreign investment was needed, preferential treatment was extended to foreign-funded enterprises. This was one of the distinctive features of our work in the past. The ultimate result of this will be completely different tax rates for enterprises under different ownership systems. Second, the most typical of the preferential policies we introduced for individual enterprises was the contract system, with one system for each enterprise. Take the iron and steel industry for instance. The Shoudu, Baoshan, Anshan, and Wuhan Iron and Steel Companies had four different systems. The reforms in 1994 were market-oriented and were aimed at the creation of conditions for fair competition. The reform with the greatest impact was the reform of the fiscal and taxation system. As soon as this reform was introduced, the foundation upon which the old methods and means of enterprise reform were based was shaken.

[Zhao Yining] In that case, how should readjustment be carried out under the new situation? Has a consensus been reached?

[Chen Qingtai] Since 1993, the State Economic and Trade Commission has been discussing the question of how to adapt to this situation of reform and make greater use of methods and means that meet the needs of the market economy. After a period of explorations, we have gradually reached a consensus, which mainly includes the following aspects:

1. We must focus our attention on the improvement of the state sector and concentrate our efforts on the readjustment of existing state-owned assets. After all these years of reforms, we have become increasingly aware that as the state sector which has developed through long years of accumulation enters the market economy, the irrationality of its distribution and structure is becoming more and more obvious. This is one of the important reasons for the low working efficiency of state enterprises. Our state enterprises have been faced with so many difficulties for so long. There is no denying that there must be structural reasons for this. The practice of reform tells us that under the existing industrial structure, enterprise structure, and product mix, it is first impossible and second unnecessary to run well and invigorate all state enterprises without exception. I am saying this because without enough financial resources, we will not be able to take on such big burdens anyway. Another reason we say that it is unnecessary is that the structure itself is not rational. Many enterprises cannot be invigorated in any case. The present situation of our state enterprises is: They have so many assets that no other ownership systems in China can compete with them. State-owned assets now account for over 70 percent of

total fixed assets in the country. This is their advantage. Their disadvantage rests with their irrational structure. They have many structural problems. Since the ultimate aim of reform and economic development is to develop the productive forces, we must first of all focus our attention on the structural readjustment of the state sector by improving the overall quality and efficiency of the state sector as a whole. We must assign individual state enterprises their proper places in the state sector and, through the readjustment of existing state-owned assets, optimize the industrial structure, enterprise structure, and product mix. This strategic structural readjustment cannot be skipped in the switchover to the market economy. We hope that the local authorities will concentrate their energy on investigating and analyzing the condition of state enterprises to identify where the vitality for economic development in their locality lies and to determine what needs to be readjusted and what needs to be developed. This is an effective method which does not cost much. The Shanghainese have set the pace in this regard and their experience serves as an example for the whole country. On the recommendation of experts, they decided to concentrate on the development of six pillar industries, which include the production of automobiles, telecommunications equipment, iron and steel, and petrochemical products. In 1994, these six pillar industries contributed 41 percent of Shanghai's total output value, 45 percent of its total sales revenue, and 59 percent of its total profits and taxes. That was quite something. The urban and rural areas of Shanghai have now entered the stage of structural readjustment. Using property rights as the bond, they may reorganize and optimize existing assets through mergers, amalgamation, contracting, bankruptcy, and other means.

2. We should simultaneously promote the reorganization, conversion, and transformation of enterprises. "Reorganization" refers to structural readjustment, "conversion" refers to the change of operational mechanism and the establishment of a modern enterprise system based on existing conditions, and "transformation" refers to the concentration of necessary input to increase the intensity of technological transformation. We are doing all these three tasks now, but practice over the years has made us realize that the three must be done simultaneously to achieve the best results. It is quite obvious that structural readjustment must be followed by the necessary inputs to generate new areas of growth. At the same time, major technological transformation must be preconditioned by a more rational structure. If the structure is not rational, and the practice of "adding more flour when there is too much water and adding more water when there is too much flour" is still adhered to, we will never be able to produce good results. Another major precondition for technological transformation is

that enterprises must change their operational mechanism. Otherwise they will blindly demand investment and permission to launch new projects, in which case "feasibility" will be taken as "approvability," and they will find themselves in a dead end: "Waiting for death when reform is not carried out, and looking for death when reform is carried out." This is because wrongly placed investment in technological transformation will have disastrous consequences. Thus, enterprises must practice the three-in-one combination of reorganization, conversion, and transformation when they change their operational mechanism.

3. We must strengthen experimentation at selected spots and strive to make breakthroughs. Reform in China is a gradual process. After years of exploration, a more workable and appropriate method we have found is to conduct experiments at selected spots, make breakthroughs on the major and difficult areas of reform, enact laws on the basis of breakthroughs, and gradually promote the experience gained. Since 1994, the State Council has introduced four major types of experiments in enterprise reform. The first is to conduct experiments on the establishment of a modern enterprise system in 100 selected enterprises. The second is to establish three pilots for state holding companies. The third is to organize large enterprise groups under 56 selected enterprises. The fourth is to conduct experiments on the optimization of the capital structure of enterprises in 18 selected cities around the task of running state enterprises well. In conducting these experiments, the important thing is to make breakthroughs on the difficult problems. Which are the aspects most likely to see breakthroughs? The establishment of a modern enterprise system, for instance, involves roughly 12 aspects. These include finding out who represents the owners of the state-owned assets of enterprises and how to establish a feasible structure for the management of companies.

4. We should grasp supporting reforms and improve the external environment of enterprises. The enterprise reform and various supporting reforms are highly complementary. Without the corresponding supporting reforms, it is unlikely that we can achieve new progress in the reform of state enterprises.

In the experiments on the optimization of the capital structure of enterprises in 18 selected cities, measures taken to augment the production funds of enterprises, promote the bankruptcy and merger of enterprises, make job arrangements for surplus staff and workers, and separate social functions from enterprise functions are supporting reforms. Take bankruptcy for instance. Provided that arrangements have been made for the unemployed and the sources of funds have been made

clear, the work of promoting bankruptcy will see considerable progress this year. Last May, the People's Bank of China, the Ministry of Finance, and the State Economic and Trade Commission jointly issued a document on mergers, encouraging the strong state enterprises to form mergers with state enterprises that are in trouble and giving the merged enterprises time to sort out their liabilities. This measure will give a further boost to enterprise mergers. Documents have also been drawn up for the augmentation of production and operation funds in enterprises in selected cities, for job arrangements for surplus staff and workers, for the strengthening of technological transformation, and so on. Of course, supporting reforms are also needed to further improve the more important aspects, such as the taxation and banking systems.

5. We should improve the inner workings of enterprises by strengthening enterprise management. The external environment of enterprises is still not very easy this year, and efforts are still needed to explore ways of properly resolving some of the deeper problems of enterprises. Thus, for the majority of state enterprises, speeding up the change of operational mechanism, improving and strengthening enterprise management, and striving to improve the quality of products and achieve better economic results through better management are the most positive and effective measures for each and every one of them.

6. We should grasp a few key enterprises and promote the strategy of forming large companies and groups.

There are 400,000 industrial enterprises with independent accounting in the whole country. Among these, 7,100 are state-owned industrial enterprises. If we can control the largest 500 to 1,000 state enterprises, we could say that we have the state sector under our control. Our statistics on the largest 500 state enterprises in the country show that they account for 0.7 percent of the total number of state-owned industrial enterprises, but their assets, sales revenue, and profits and taxes account for 37 percent, 46 percent, and 63 percent of their respective totals. We could say that these enterprises are of crucial importance to the national economy. By grasping these crucial few, we will have the state sector under our control and will be able to stabilize the dominant position of the state sector in the national economy.

The significance of grasping the crucial few lies not only in the fact that these enterprises are of vital importance to the national economy and the people's livelihood. What is more important is that as these superior enterprises develop their economies of scale and improve their efficiency, they will promote the optimal allocation of resources in the whole society.

Through the medium of assets, they can link up a large number of medium-sized and small enterprises and promote the readjustment of the industrial structure as a whole, thereby giving other enterprises more room for readjustment.

7. We must grasp the building of the leading bodies of enterprises and build a contingent of entrepreneurs. The question that we consider most important and most difficult to solve is the lack of a large number of entrepreneurs who understand what modern enterprises are about. The Organization Department of the Central Committee, the State Economic and Trade Commission, and the Ministry of Personnel plan to conduct an examination of all entrepreneurs in the country and give encouragement to the enterprising and capable ones by promoting them to more important positions. We should practice the annual salary system and the appointment system among entrepreneurs, and establish job markets for entrepreneurs. In future, the most important task of the state as owners should be to properly select managers. The state should run enterprises through these managers and should no longer interfere with the economic activities of enterprises.

Hu Angang Urges End to Special SEZ Policies

*HK2209061895 Hong Kong LIEN HO PAO
in Chinese 11 Sep 95 p 7*

[Report on "special interview" in Beijing by reporters Wen Hsien-shen (2429 3807 3234) and Liang Yu-fang (2733 3768 5364): "Hu Angang: It Is Imperative for Special Economic Zones Not to Be Special, 'Even if There Is Only Me Left, I Will Hold on to My Viewpoint'"]

[FBIS Translated Text] The Shenzhen Special Economic Zone [SEZ], the forefront of Mainland China's economic reform, has now reached a crossroads. There is now a heated controversy in the mainland on the question of whether the SEZ should continue to exist or be abolished. In 1983 Zhu Rongji, standing committee member of the Political Bureau who was personally named by Deng Xiaoping as a man who "knew the economy," set the deadline for terminating the preferential policies for the Shenzhen SEZ as 1995. As the date is approaching, is Deng Xiaoping's remark of "building a few more SEZ's" still effective? Should the term "special" of the SEZ be realized by relying on preferential policies or industrial transformation and acceleration? Has the existence of the SEZ deprived or supported the development of other regions? Should the SEZ become more like the mainland or vice versa? Are the mainland authorities trying to use the cut in preferential policies to threaten the disobedient places, mainly the southern coastal areas, in order to consolidate the CPC Central

Committee with Jiang Zemin as the core and effect the post-Deng power transition?

Hu Angang, a research fellow of the National Conditions Analysis Group of the Chinese Academy of Sciences who was invited to give lectures to senior level cadres at the Central Party School and who has great influence on the mainland's current macroeconomic policies, recently talked about the heated controversy in Shenzhen. During the exclusive interview, Hu expressed powerful viewpoints, which were close to those of the authorities. The following are excerpts of the interview?

[LIEN HO PAO] People abroad believe that you have reflected the policy viewpoints of the central authorities in your criticism of the SEZ. Your proposal to readjust SEZ policies and abolish the preferential policies might upset local investors. Does this conform to the mainland's interests?

They Are Using Deng Xiaoping's Remarks To Intimidate Others

[Hu] People abroad say that I belong to Zhu Rongji's think tank. In fact, I have nothing to do with Zhu Rongji. It is true that my theses are provided to top levels for reference through relevant channels. It is the same for all leaders and that does not mean I have special connections with a certain leader.

Shenzhen's growth has slowed down and foreign capital has flowed from Shenzhen to other regions. The reason is that costs are too high in Shenzhen and the increase in wages there is higher than in Beijing. Rent rose by over 30 percent over the past five years. What is more, Shenzhen's "corruption cost" has become a heavy burden on investors. Leaders of the SEZ should not attribute their slow growth to the abolition of preferential policies by the central authorities.

In order to think about the problems of the SEZ, it is necessary to first ask: Are there any contradictions between the interests of the SEZ and the country and other regions? If the SEZ pays less taxes, it would mean that other regions will have to pay more. They are using the remarks of Deng Xiaoping to intimidate others, saying that Deng Xiaoping called for developing SEZ's during his southern trip, encouraging some regions to become affluent ahead of others and allowing Guangdong to enjoy the preferential policies till the 21st century. However, Deng Xiaoping also called for attaining the target of common prosperity and raised objections to privileges. Moreover, the term "special" of the SEZ should be manifested in technology, system, and qualified personnel rather than preferential policies.

Deng Xiaoping also supported the contracted responsibility system in the Shoudu Iron and Steel Complex;

so what? It shows that some vanguards of reform have become the privileged class since reform and opening up, which include the Shoudu Iron and Steel Complex, Daqiu Village, and the SEZ's.

[LIEN HO PAO] Do the central authorities and localities support your viewpoint?

[Hu] Even if there is only me left, I will hold on to my viewpoint. There are no SEZ's in Zhejiang and Jiangsu. The provincial level cadres whom I have contacted there all support me. RENMIN RIBAO carried an article by Guizhou Governor Chen Shineng, which criticized the unfairness of the preferential policies to the provinces in the west. The viewpoint approached mine. Why has the article by Li Youwei (Shenzhen party secretary) appeared only in SHENZHEN TEQU BAO and not in RENMIN RIBAO? Does it not prove something? As a matter of fact, they know that there is not long for them to enjoy the preferential policies so they are putting up a last-ditch struggle. Lin Biao also put up a last-ditch struggle before his death. It is imperative for SEZ's not to be "special."

[LIEN HO PAO] Why can't you consider it from another angle, turning the whole country into a special zone?

If the Whole Country Becomes "Special," the Central Government Will Have No Revenue

[Hu] If the whole country becomes "special," the central government will have no revenue. Can the central authorities maintain administration by indiscriminately collecting fees and exacting charges? Our objective is to build a modern country rather than develop a small peasant economy. We should rely on the market system to let the people become affluent rather than depend on unfair preferential policies. The essence of the central government is to do a good job of redistribution of resources. The reform of the means of distribution is another matter. As a scholar, I should of course give primary consideration to the common interests of the state.

[LIEN HO PAO] This seems to run counter to the instructions by Deng Xiaoping during his southern trip?

[Hu] This is no longer the era of Mao Zedong. Deng Xiaoping's remarks may or may not represent any interests. Besides the south, Deng Xiaoping should have visited the west and followed with interest the accelerated development of the west as well as competition on equal footing. Local officials might not show respect for him. If Deng Xiaoping knew that the gap today between regions on the mainland is larger than that in former Yugoslavia, he would also not accept it. Yugoslavia is more affluent than us. When I was there in 1985, I thought

that it would have been better if China could reach such a level. The decline in the central government's financial capability and the widening gap between the localities are characteristics of Yugoslavia. We should prevent the outcome of a situation here like the one in Yugoslavia. The influential tax sharing system is a decision made by the current collective leadership while Deng Xiaoping is still alive. Everyone needs to be kept informed on the matter.

[LIEN HO PAO] The foundation of the western region is weak and return from investment there is relatively low. If the policy of allowing some regions to become affluent ahead of others is abandoned, will it conform to the principle of efficiency in the process of economic development?

[Hu] There is a gap between the east and west in China. Any leader is aware of the economic, social, and political problems arising therefrom. In addition to efficiency, the central government must consider fairness among the people, regional differences, unity of nationalities, and reunification of the state. One of the important considerations of the Ninth Five-Year Plan (1996- 2000) is to bring an end to the decline in central government revenue and amass financial resources to engage in infrastructural building.

I Am Optimistic That Development Will Exceed the Anticipated Target

[LIEN HO PAO] Guangdong, which is influential, will certainly be against your proposal.

[Hu] I am interested in the figures published by Guangdong. Its gross domestic product [GDP] accounted for 9.41 percent of the country's total in 1992, ranking first. Guangdong delivered 22.2 billion yuan of revenue to the state in the year. If its expenses of 21.9 billion are deducted, Guangdong actually delivered 0.3 billion yuan in 1992. California has the highest GDP in the United States and is the largest source of revenue of the U.S. Federal Government. What about our Guangdong?

[Reporter] As the question raised by you involves redistribution of tremendous interests, do you think it can be promoted? Will it be realized by transferring local provincial leaders?

[Hu] I had also mentioned the transfer of local cadres in the past, but it did not work. A man's brain moves with his body. Since 1993 the guidelines for reform have been transferred from the delegation of powers implemented earlier to introduction of new systems. We hope to change such a state of affairs institutionally. Regarding a major reform, we are bound to encounter great resistance from interest groups. It is estimated

that a compromise will ultimately be reached, which will neither be a Shanghai pattern or a Guizhou and Guangdong pattern. Definitely, it will not be a SEZ pattern. When I first proposed "the SEZ should not be special," I encountered great opposition. Developments today have far exceeded my earlier anticipation. I am optimistic.

[LIEN HO PAO] Do you have a set of measures for implementation of your proposed financial reform?

[Hu] The first step of Mainland China's financial reform is tax sharing and the second step is financial transfer and distribution. There are three directions: First, narrow the gap between localities; second, establish central macroeconomic means of regulation and control; and third, balance services at all localities, such as eliminating illiteracy, providing basic highway facilities, basic education, programmed communications optical fiber, clean drinking water, and satellite antennas.

Shenzhen Criticism of Hu Angang Denounced

HK2209070295 Hong Kong MING PAO in Chinese
15 Sep 95 p C2

[Report by special correspondent Liang Kuo-jen (2733 0948 0088): "Beijing Exerts Pressure on Shenzhen Media To Stop 'Encircling and Suppressing' Hu Angang"]

[FBIS Translated Text] According to a source, the Propaganda Department of the Shenzhen party committee issued an urgent circular yesterday, urging all media to immediately stop their "encirclement and suppression" of the "theory that the special economic zones [SEZ] should not be special" and its author Hu Angang. If the media issue such articles in violation of the circular, the principal officers of the units concerned will be immediately removed from office. According to the source, the move indicates that Shenzhen party Secretary Li Youwei, who launched the controversy, has suffered setbacks and his official career will be gloomy.

Reportedly, the circular issued by the Shenzhen Propaganda Department yesterday urged all media in Shenzhen to immediately stop issuing articles criticizing Hu Angang without mentioning his name and essays related to the theory that "the SEZ's should not be special."

The circular said that it is no longer suitable to carry on such a controversy at present. Instead, Shenzhen should focus attention on publicizing and exploring ways to promote the building of the SEZ.

Shenzhen's media, led by SHENZHEN TEQU BAO, have launched a fierce attack on "the theory that the SEZ's should not be special" since early August. Secretary Li Youwei took the lead in issuing a lengthy "interview" in SHENZHEN TEQU BAO, volubly saying that

the SEZ's should continue to be "special." In the most recent issue, the paper issued on 13 September an article by Hu Ping, director of the State Council's SEZ Office, which asserted that Jiang Zemin had assured that the policies and status of the SEZ's will remain unchanged.

It has been said that Shenzhen's media have prepared large numbers of articles aimed at continuously "encircling and suppressing" the "theory that the SEZ's should not be special" and the initiator of the theory Hu Angang.

According to a Beijing source, top Beijing levels had earlier planned to "readjust" the SEZ's. Thanks to the efforts made by the SEZ's and relevant departments, the authorities promised to keep the SEZ's unchanged but merely readjust some of the preferential policies. However, the SEZ's are allowed to conduct experiments in structural reform.

It is said that the top levels are furious at the Shenzhen media's "criticism articles," believing that Shenzhen's behavior is not conducive to the unity and stability of the overall situation.

In the instructions given to Shenzhen, besides urging Shenzhen to focus attention on running the SEZ well, top levels also criticized the improper behavior of Shenzhen in mobilizing media of the local party committees and governments to criticize a scholar. Since Hu Angang is abroad, the source pointed out, this reaction of Beijing toward Shenzhen indicates the needs of the top levels. It also shows that Hu Angang's theory is appreciated by Zhongnanhai.

A Shenzhen source said that Shenzhen party Secretary Li Youwei, who launched the controversy, seems to be thrown into a very passive position. Actually, Shenzhen had got the upper hand in the dispute over whether the "SEZ's should continue to exist." Instead of withdrawing after the good results, he intensified the contradictions and made them public, which made the central authorities lose face and also did not obtain any benefits for Shenzhen. Now the central authorities have officially issued a stern criticism of Shenzhen's behavior. It is believed that Li Youwei's official career will be gloomy.

Finance & Banking

Local Tax-Relief Policies To End 31 Dec

OW2109135295 Beijing XINHUA in English
1302 GMT 21 Sep 95

[FBIS Transcribed Text] Beijing, September 21 (XINHUA) — China will cancel local tax-relief policies starting next year as the two-year grace period is scheduled to end on December 31.

The central government gave local governments a two-year grace period to give them enough time to adjust to the new tax system, said Finance Minister Liu Zhongli at a press conference here today.

Practices were not standardized, said Liu, "All local tax-relief policies should be phased out as soon as grace period ends."

Local tax policies were tax breaks or reductions made by governments at or above the provincial level before the new tax laws took effect on January 1, 1994.

In answer to a question about tax policies in special economic zones (SEZ), Liu said that only by applying a unified tax code can China create the open and fair competition required by a market economy.

But the country cannot dismiss the tax preferential policies in the SEZs right now, he noted, saying that, "The central government has two ideas about the matter, one is that the basic policies will remain unchanged, the other is that some adjustments should be made."

"However which aspects need adjustment or with what measures they will be done is yet to be decided," said the minister.

He said that there is one thing he is sure of, and that is that SEZs will be included the new tax system in the end, explaining that balanced development of eastern coastal areas and the central and western regions has been a matter of concern for the central government.

There are many ways to address the present problem of uneven economic development in eastern and western China, and the revenue-sharing system is one of them, he said, adding that a revenue transfer system could help achieve the goal.

But the most important thing is to help less-developed areas to develop their resources. In recent years, the central government has increased input in infrastructure in these areas, in hopes of improving transport, energy, and water conservation facilities there.

Some of these projects have been completed and some are still in the design or construction phase.

The east and west can develop hand-in-hand, said Liu. "We don't have to cut input in the east for the sake of development of the central and western part of China."

Foreign Trade & Investment

Statistics Released on Foreign Investment

OW2109111095 Beijing ZHONGGUO XINWEN SHE
in Chinese 1352 GMT 19 Sep 95

[FBIS Translated Text] Shanghai, September 19 (CNS)
— Statistics indicate that, as of June of this year, the

Chinese Government had approved 237,000 foreign-funded projects, of which more than 100,000 are under-way. Foreign capital worth \$33.7 billion was invested in China last year, making the mainland the second-largest consumer of foreign capital.

The Vice Minister of Foreign Trade and Economic Cooperation Sun Zhenyu released the figures at a Sino-Australian Forum on economic cooperation and trade. In a recent report, the State Statistical Bureau said that GDP [gross domestic product] grew at an annual average rate of 11.7 percent between 1991 and 1995; four percentage points higher than the target. By the end of this year, inflation will be contained at under 15 percent in accordance with state objectives. The annual average growth in foreign trade was 16.6 percent between 1979 and 1994 and reached an all time high of 29.6 percent in the first half of this year with foreign trade valued at \$126.4 billion.

Mr. Sun in his opening speech said that as the 21st century drew closer, the economy was on the rebound. China, being a developing country in the Asia-Pacific region, faces many challenges whilst offering many opportunities. The Chinese vice-minister said that China would make better use of its advantages, intensify current reforms, expand openness whilst promoting mutual economic prosperity and stability between China and the rest of the world.

The meeting known as the Sino-Australian Economic and Trade Forum will last for two days. In 1993, Beijing was its initial host. Shanghai mayor Xu Kuangdi and Australian Trade Minister Bob McMullan attended the opening ceremony and delivered speeches. About 200 Australian businessmen and hundreds of Chinese economists and business representatives attended the meeting.

Joint Aircraft Project With U.S. Firm Begins

OW2209010695 Shanghai WEN HUI BAO in Chinese
29 Aug 95 p 1

[By reporter Chen Wei (1728 1919): "Project for Producing Mainline Planes Is Fully Operational"]

[FBIS Translated Excerpt] On 28 August, Chinese and U.S. companies started a project for jointly producing 20 mainline MD90-30 airplanes, which will meet advanced international standards, in Shanghai, Shenyang, and Xian, China's three major aircraft manufacturing centers. The project shows that the plan to make mainline planes has been set in full motion in the aircraft-building industry of our country.

Cooperation with well-known international aircraft manufacturing enterprises is an effective way to de-

velop our country's aircraft industry rapidly. In 1985, Shanghai Aviation Industry (Group) Corporation began its cooperation with McDonnell Douglas Corp. of the United States. Since the first MD-82 plane jointly produced by the two companies was delivered on 31 July 1987, they have jointly assembled 35 MD-82 and MD-83 planes for both Chinese and American users.

In the new round of cooperative aircraft production, Chinese and U.S. manufacturers will jointly produce MD90-30 planes, and the work load for the Chinese side will increase substantially. The Chinese will produce over 70 percent of the aircraft parts, including major parts for the aircraft assembly. The whole project will be led by China Aviation Industry Corporation, joined by its subsidiary Shanghai Aviation Industry (Group) Corporation, Xian Aircraft Industry Corporation, Shenyang Aircraft Industry (Group) Corporation, and Chengdu Aircraft Industry Corporation. According to the division of work, Shanghai Aviation Industry (Group) Corporation will be the main manufacturer of MD90-30 planes, responsible for producing more than 20 main parts and for assembling and testing. Other companies will supply large parts such as wings and sections of the fuselage. [passage omitted]

***Diversification of Foreign Trade Markets Stressed**
95CE0596A Beijing JINGJI CANKAO BAO
in Chinese 27 Aug 95 pp 1, 2

[Article by Board of Directors Research Office, Chinese International Trade Center; and Trade and Economic Relations Research Office, Chinese Foreign Trade and Economic Cooperation Corporation: "China's Foreign Trade Market Strategy"]

[FBIS Translated Text] During the early 1990's, China made the diversification of markets a strategy in its foreign trade. A historical review provides more profound understanding of the background and significance of this decision. Analysis of the overall world trade setup today and of the coexistence of both international trade benefits and risks permits certain forecasts and estimates about China's implementation of a market diversification strategy.

Several Major Changes in the Market Pattern

During the early 1950's, the United States and some western countries instituted a blockade and an embargo against China, which caused dramatic changes in the pattern of China's foreign trade markets. Western countries (including Japan, and the same applies hereinafter) percentage of the Chinese foreign trade market fell from 39 percent in 1950 to 3.7 percent in 1952, with America's percentage falling from 21 percent to zero. The former Soviet Union and eastern European countries

portion went from 31.9 percent in 1950 to 70.7 percent in 1952, including a rise from 29.89 to 54.8 percent for the former Soviet Union. For the first time, a market pattern appeared in which China's foreign trade was highly concentrated in just several countries.

During the early 1960's, for reasons known to all, another dramatic change occurred in the pattern of China's foreign trade markets. The percentage of the China foreign trade market held by the former Soviet Union and eastern European countries fell from 71.9 percent in 1955 to 8.5 percent in 1970. This included a fall from 56.9 to 1 percent for the former Soviet Union. The portion of the western countries rose from 3.7 percent in 1952 to 55.3 percent in 1970, the American percentage remaining at zero as the United States continued to suspend trade with China. Most of the trade with western nations was with western Europe, which rose from 3.5 to 30.5 percent. Japan's trade rose from 0.2 percent in 1952 to 17.6 percent in 1970. Canada's and Oceania's trade went from zero in 1952 to 3.4 and 3.8 percent respectively in 1970.

With China's recovery of its United Nation's seat, and the resumption of direct trade between China and the United States in the 1970's, and particularly with China's institution of reform and opening to the outside world at the end of the 1970's, simultaneous with rapid increase in foreign trade, China's foreign trade pattern changed further. By 1989, developing countries, the former Soviet Union and eastern European countries accounted for only 21.9 percent of China's foreign trade. The western countries accounted for 52.3 percent. It is estimated that between 70 and 80 percent of China's trade through Hong Kong and Macao was entrepot trade with western countries. Therefore, western countries accounted for more than 70 percent of China's actual foreign trade, an amount similar to the percentage of trade with the former Soviet Union and eastern Europe during the 1950's.

At the end of the 1980's, the United States and some western nations issued "sanctions" against China. It was against this background that China analyzed, in terms of its own historical experience and international experience, the foreign trade market pattern that had taken shape. It felt strongly that the over-concentration of foreign trade, primarily exports, in a small number of countries was disadvantageous. It decided to raise market diversification to a strategic position to serve as an important principle in providing macrodirection, regulation, and control of foreign trade. While consolidating markets, China would work hard to open up new markets in order to increase the ability to withstand risks, and to ensure sustained, rapid, and steady development of foreign trade.

Developments were possibly somewhat unanticipated. China's foreign trade market pattern did not change dramatically as a result of the "sanctions." Foreign trade increased from \$111.6 billion in 1989 to \$236.7 in 1994; i.e., it doubled during several years of sanctions. This rather ironical fact showed that the world today is no longer what it was. For a large country like China

that was reforming and opening to the outside world, sanctions did not work all that well. Possibly, those who institute "sanctions" at the slightest little thing might learn something from this, and those against whom sanctions are issued may find greater confidence to resist "sanctions," and deal with them in a calm manner.

Table 1. World Import-Export Market Pattern (Unit: Percent) (World Total = 100.0)

	1986		1990		1993	
	Exports	Imports	Exports	Imports	Exports	Imports
Developed Western nations	70.1	70.6	71.8	72.6	69.8	68.1
Japan	9.9	5.8	8.4	6.6	10.0	6.5
United States	10.7	17.4	11.0	14.5	12.7	16.2
EC	37.1	35.2	39.7	39.7	36.0	34.8
Developing Countries	21.3	21.1	22.3	21.9	27.5	29.5
Asia	14.4	14.0	16.7	15.9	21.3	22.3
Africa	2.2	2.5	2.2	2.0	2.0	2.0
Latin America	3.3	2.6	3.2	2.4	3.4	3.7
Former Soviet Union and eastern Europe	8.7	7.9	5.0	5.3	2.6	2.4

Source of Data: Calculated from 1993 United Nations Monthly Statistical Report

2. Insights Gained From the Overall Pattern

Examination of the world import-export trade pattern may provide some insights about further application of a market diversification strategy.

A first insight is that between 60 and 70 percent of world imports and exports today are concentrated in a not very large number of developed countries. Despite a recent increase in the percentage of developing countries in the world's import-export trade, they still account for less than 30 percent (See Table 1). This is largely because of their economic strength; it is a reflection of national strength.

A second insight is that trade with surrounding countries and nearby countries accounts for a substantial percentage of a country's import-export trade. In the Americas, trade with Canada and Latin America accounts for 34.6 percent of the U.S. import-export trade. In Asia, Asian countries account for 39.4 percent of Japan's import-export trade. In Europe, EC countries account for a respective 53.3, 54.2, 61.2, and 58.2 percent of the import-export trade of Germany, the UK, France, and Italy.

This is a markedly higher percentage than in the Americas and Asia, showing that the trend toward formation of regional blocs in world economic relations and trade may result in a greater percentage of a country's import-export trade being with surrounding and nearby countries. (See Table 2).

A third insight is that despite the substantial number of countries, the abundant resources, and the very great potential in Africa and Latin America, these areas still account for only a very small percentage of the world's import-export trade. Even the trade with African and Latin American countries with countries in the forefront of the world economy and whose market economy is highly developed has not become great. African countries account for only 1 to 2 percent of the import-export trade of the United States, Japan, and Germany. The percentage is somewhat higher for Italy and France at between 4 and 5 percent. Latin America accounts for only approximately 2 percent of the import-export trade of Germany, the UK, France, and Italy. The percentage is slightly higher for Japan at approximately 4 percent. For America, it is 14.8 percent, which is in the category of trade with surrounding and nearby countries.

Table 2. Foreign Trade Market Pattern of Countries (and Territories) Concerned (Units: 100 Percent)

Country	Year	Total Value for Developed Countries	Including			Total Value for Developing Countries	Including			Former USSR and Eastern Europe
			Japan	Canada, United States	EC		Asia	Africa	Latin America	
Japan	89	55.9	-	32.0	15.5	42.6	37.3	1.1	3.7	1.6
	92	52.0		28.1	16.0	44.8	39.4	2.0	4.2	1.2
United States	89	62.5	16.0	19.8	20.9	36.4	21.2	2.2	12.9	1.0
	92	59.4	14.5	19.2	20.3	37.9	21.3	2.1	14.8	0.7
Germany	89	82.5	4.4	8.3	53.2	13.6	7.8	2.1	2.4	3.8
	92	80.2	4.1	7.25	3.3	13.2	8.2	1.9	2.2	5.6
UK	89	82.9	4.2	14.0	51.7	15.0	11.0	1.9	1.8	1.5
	92	82.6	4.0	12.7	54.2	15.9	12.2	1.9	1.8	0.8
France	89	80.2	3.0	8.0	60.5	16.6	7.5	5.8	2.7	2.3
	92	80.0	3.0	8.2	61.2	17.1	8.7	5.3	2.8	1.0
Italy	89	78.3	2.4	8.0	57.3	17.7	8.0	5.4	2.5	3.7
	92	77.7	2.1	6.9	58.2	17.2	8.8	4.7	2.6	3.1
South Korea	89	73.6	25.0	32.5	11.3	22.0	17.8	1.4	2.6	-
	92	61.9	19.6	25.2	12.0	36.5	29.8	1.7	4.7	0.4
India	88	59.8	10.1	16.4	27.9	26.4	21.4	3.1	1.3	9.9
	92	56.6	8.1	14.1	29.0	29.7	24.6	3.9	1.0	7.3
Indonesia	89	67.8	32.9	16.0	13.2	30.7	28.1	1.0	1.5	0.9
	92	64.6	26.9	14.8	17.1	38.8	36.6	0.9	1.3	0.3
Brazil	89	61.4	6.5	25.7	24.6	33.8	15.2	2.1	16.3	2.3
	91	61.9	7.0	23.9	26.5	35.5	14.6	3.2	17.7	1.5
Saudi Arabia	89	64.3	17.5	17.2	25.5	34.3	26.3	2.6	5.2	0.8
	91	69.9	14.8	22.7	27.6	26.7	21.6	2.7	2.4	0.8
Iran	87	59.8	12.3	9.5	31.7	33.4	14.9	0.9	16.0	6.0
	91	70.0	14.4	3.0	46.3	24.5	16.8	0.6	5.7	3.3
Turkey	89	64.2	2.7	11.7	42.5	28.1	19.9	5.0	1.6	7.7
	92	66.4	3.0	9.1	47.5	25.0	19.5	4.0	1.3	6.0

Source of Data: Computations based on United Nations "International Trade and Development Statistics Handbook," 1990, 1991, 1992, and 1994.

Efforts To Increase Returns and Reduce Risks through Development

1. Benefits and risks are both a feature of foreign trade. When benefits are large, usually risks are not small. Rarely are there only benefits and no risks. Therefore, gaining the greatest possible economic benefits in the course of development and growth, while simultaneously increasing overall ability to guard against risks and frictions to help rapid, steady, and sustained development of foreign trade in a complex and ever changing situation can serve as a principle that provides choices for a long time to come in pursuing a market diversification strategy, and in accomplishing macroeconomic guidance, regulation and control.

2. With the advent of the 1990's, the percentage of Asian countries and regions involved in China's foreign trade rose markedly from 10.8 percent between 1986 and 1990 (The Seventh Five-Year Plan period) to 19.2 percent between 1991 and 1994 (the Eighth Five-Year Plan period), an 8.4 percentage point increase (not including Hong Kong, Macao, and Japan).

At the same time, the percentage of China's foreign trade with western countries did not change dramatically. It remained basically steady with a slight increase, rising 1.3 percentage points from 47.1 to 48.4 percent (See Table 3).

In an overall sense, implementation of the market diversification strategy may be deemed to have obtained preliminary results that are consistent with the intent of the policy. This strategy is workable.

Table 3. China's Foreign Trade Market Pattern (Unit: Percent)

	1986-1990	1991-1994
Import-Export Volume (Includes: Exports)	100.0 (100.0)	100.0 (100.0)
Developed Countries	47.1 (36.4)	48.4 (44.8)
Japan	18.1 (15.7)	18.1 (16.0)
United States	10.1 (8.0)	12.9 (14.4)
EC	13.1 (10.0)	12.3 (11.0)
European Free Trade Association (EFTA)	1.5 (0.8)	1.1 (0.7)
Canada	1.8 (0.8)	1.4 (1.0)
Australia	1.7 (0.8)	1.6 (1.0)

	1986-1990	1991-1994
Developing Countries (or territories)	14.8 (17.0)	22.1 (17.8)
Asia	10.8 (13.2)	19.2 (14.8)
ASEAN	5.5 (5.9)	5.5 (5.3)
South Korea	- -	3.8 (3.2)
Africa	1.6 (2.6)	1.2 (1.5)
Latin America	2.4 (1.1)	1.9 (1.7)
Former USSR and eastern Europe	6.3 (5.9)	4.3 (3.2)
Hong Kong and Macao	30.0 (39.8)	25.2 (34.2)

Source of Data: Calculated from Chinese "Customs Statistics" 1986-1994.

3. Because of its sustained and rapid economic growth, the short distances, and the strong complement it provides for China's economy, the Asian region will remain a region having numerous favorable conditions for the development of trade at least for the near future. Even though trade with Africa and Latin America will increase somewhat, owing to the level of their economic development and the long distances involved, it is unlikely that the percentage of China's foreign trade market that they occupy will increase in the near term. In view of international experience, the formulation of policies including financial support in the form of loans, insurance, and guarantees to encourage strong enterprises adopt various methods such as a combination of trade with investment and development for the opening of African and Latin American markets and long-term business, it may be possible after many years effort to increase Africa's and Latin America's percentage in foreign trade markets over what it presently is. Trade with the Gulf countries, western Asia, and the Arab countries of North Africa merit special study.

4. Developed western countries are the main sources of the sophisticated technology, capital, important raw materials and goods, and markets that China needs for its modernization. For a considerable time to come, a rather large and rather important part of China's foreign trade will be concentrated in these countries. The coexistence of benefits and risks shows up prominently in these areas. Therefore, not curtailment of trade, but rather the exploration of avenues for increasing benefits and reducing risks in the course of development may be realistic and promising. Marked imbalance exists today in trade between China and developed western nations.

In China's foreign trade market structure between 1991 and 1994, Japan alone accounted for 18.1 percent, the United States for 12.9 percent, and the many countries of western Europe only 13.4 percent. During the 1970's and 1980's, western European countries accounted for more than 20 percent of China's foreign trade for a long time, and with the advent of the 1990's, no major change occurred in the complementary character of China's and western Europe's economy. Therefore, proper increase in the percentage of trade with European countries in the course of trade with developed western countries is one way of improving the excessive concentration of trade with a small number of countries. It is consistent with the diversification of markets, and it is also possible. At the same time, we must maintain normal development of trade with Japan and the United States, gradually improving "unequal risks" as we go along.

5. Although Russia currently accounts for only 2.1 percent of China's foreign trade, Russia is a developed nation with plentiful resources; it is a neighboring country; it is a big country; and the economies of China and Russia are strongly complementary. Some of the materials and technical equipment that China needs may be obtained from Russia, and some of the everyday industrial goods that Russia needs China can provide. As Russia's economy bottoms out, visits for the development of economic and trade relations between China and Russia are bound to appear. China and Russia can become good trading partners, and the establishment and development of direct, stable, and long-term economic and trade relations between China and Russia benefits both parties. Increasing Russia's percentage of China's foreign trade will help improve the market pattern of over-concentration in a small number of countries, and it is consistent with requirements of the market diversification strategy.

A country's foreign trade market strategy is an integral part of that country's foreign affairs strategy that touches on many important issues in the political and economic fields. This article cannot discuss these one by one. For example, just because this article has not discussed problems in the Hong Kong and Macao territories does not mean that these problems are not important, but rather that they require separate discussion.

Agriculture

Zhu Rongji Urges Xinjiang To Boost Cotton Output
OW2209050795 Beijing XINHUA Domestic Service
in Chinese 0827 GMT 14 Sep 95

[FBIS Translated Text] In mid-fall, cotton and grain are growing luxuriantly all over Xinjiang. From 8 to 13 September, Zhu Rongji, CPC Central Committee Polit-

ical Bureau standing committee member and vice premier, toured the province with Wang Lequan, Xinjiang Uygur Autonomous Regional Party Committee acting secretary, and Abdulahat Abdurixit, regional chairman. Zhu Rongji inspected work in the Xinjiang prefectures of Kashi, Hotan, Aksu, and Turpan; Division No. 1, Xinjiang Production and Construction Corps; and the (Turha) [0685 0761] oilfield. After inspecting the situation of cotton production and a large area of reclaimed wasteland in southern Xinjiang, Zhu Rongji repeatedly stressed that Xinjiang must give full play to its unique superiority in cotton production and build itself into the largest cotton production base in China.

While inspecting water purification [gai shui 2395 3055] projects, Zhu Rongji repeatedly told cadres and the masses: Central leading comrades are very concerned about water purification projects in southern Xinjiang. Before I left, General Secretary Jiang Zemin specially reminded me to inspect the progress of water purification projects undertaken with special state appropriations and to see on the spot whether the masses are drinking clean water. At (Buzhake) Township in Hotan County, Zhu Rongji stood beside a piece of "waterlogged land" (a pit for retaining water) that Comrade Li Ruihuan saw during his inspection in August last year. Zhu Rongji saw a tall water tower on one side of the "waterlogged land"; two Uygur peasants beside it turned on the tap, and well water immediately poured out. Peasants there have ended the practice of drinking water from the "waterlogged land" at last, and Zhu Rongji was very happy about it. He called on cadres of all nationalities in southern Xinjiang to expedite the progress of water purification; make the best use of water purification funds appropriated by the state and the autonomous region in a practical manner, without any misappropriations; and strive basically to solve the drinking water problem of peasants and herdsmen in the southern part of Xinjiang within three years and to get this project, vitally important to the masses' immediate interests, done as soon as possible.

During his inspection of southern Xinjiang, Zhu Rongji saw plot after plot of cotton, promising a good harvest. He said: The rapid development of Xinjiang's cotton production in recent years has solved the inland textile industry's big problem and made great contributions to the state. Not only does Xinjiang have advantages in such resources as light, heat, water, and soil, but there are few cotton plant diseases and insect pests, so the conditions there are ideal for developing cotton production. Though the region is surrounded by large deserts, plenty of oases are full of vitality in various prefectures and autonomous prefectures in southern Xinjiang; and their cotton yields are so high that inland

areas find it impossible to catch up. In particular, by digging ditches to channel water and employing multidimensional planting methods with great care, the working masses in Hotan have created an ecological wonder rarely seen in the world. Regarding some peasants' worry that the state's policy may change, Zhu Rongji said: Because cotton is an important industrial and strategic material, the central authorities are always resolute in developing cotton production. The policy on cotton production will not be changed, nor will the selling price of cotton drop. Xinjiang should make use of its own superiority to speed up cotton development while stabilizing grain production, and strenuous efforts should be made so that by the end of this century, Xinjiang's cotton yield will hit 50 percent of the country's total.

Zhu Rongji pointed out: Xinjiang has the advantages of high cotton yield and great potential for developing cultivable cotton fields. Also, since the double-track Lanzhou-Urumqi Railway has been completed and the Southern Xinjiang Railway is to be built soon, communications and transportation there will be greatly improved. Under these circumstances, it is possible to try a new mode of development, linking agriculture and industry with trade and making production, supply, and marketing a coordinated process, so that production will directly meet demand and there will be fewer links in the distribution chain. A pilot project can be launched to interest certain coastal cities in developing cotton fields in Xinjiang so as to establish a stable and reliable raw-material supply and production base. As the government can organize the project, enterprises can invest in it, and the submerged Three Gorges reservoir areas can provide a large force of redundant labor, all three parties will find it desirable. Once the pilot project is successful, other cities that consider it promising will come to

Xinjiang one after another to engage in developmental projects, and Xinjiang's prospects of development will grow beyond measure.

During his inspection, Zhu Rongji listened in turn to work reports presented by the autonomous region and various prefectures and autonomous prefectures in the southern part of Xinjiang. He fully affirmed the outstanding achievements scored by the regional party committee and government under the correct leadership of the Central Party Committee and the State Council, in leading the people of all nationalities throughout the region to work for Xinjiang's stability and development. He pointed out: As far as Xinjiang's work is concerned, as long as we grasp the development orientation firmly — agriculture as the basis, irrigation as the lifeline, and communications as the key — Xinjiang will make a great leap forward in its economic work by the end of this century. Zhu Rongji also listened to work reports presented by the No. 1 and No. 3 divisions of the Xinjiang Production and Construction Corps and conveyed General Secretary Jiang Zemin's and Premier Li Peng's concern over Corps work and their greetings to Corps cadres and workers. He also affirmed the irreplaceable role of the Corps in consolidating border defense, stabilizing the border, fostering ethnic unity, and developing regional economy. He also held informal discussions with leaders of some of the state-owned large and medium enterprises.

Accompanying Vice Premier Zhu Rongji during his inspection were Zhou Zhengqing, State Council deputy secretary general; Liu Zhongli, finance minister; Dai Xianglong, governor of the People's Bank of China; Ma Kai, vice minister of the State Planning Commission; and Shi Jiliang, president of the Agricultural Bank.

East Region

Shu Shengyou Addresses Jiangxi Congress Closing
OW2209045595 *Nanchang JIANGXI RIBAO*
in Chinese 26 Aug 95 p 1

[Apparent text of speech by Jiangxi Acting Governor Shu Shengyou at the closing ceremony of the 10th Jiangxi party congress on 25 August]

[FBIS Translated Text] Comrades: Thanks to the efforts of all, the 10th Jiangxi provincial party congress, after successfully completing all set tasks, now comes to a close.

This party congress, which was guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, and by the party's basic line — whose keynote was to seize opportunities, to display a pioneering spirit, and to step up efforts to make Jiangxi more prosperous — has been a congress stressing unity and seeking pragmatic results and constant progress!

The congress, following close examination, adopted the report of the ninth Jiangxi CPC committee which was delivered by Comrade Wu Guanzheng at the congress.

Congress participants took the view that this report has reviewed and summed up the work of the past five years in a comprehensive and truthful way; put forward the basic tasks and goals for the next five years in a positive and careful manner; implemented the party's basic theory and basic line; and displayed an opportunity-seizing and pioneering spirit; in short, this report was in line with Jiangxi's reality and reflected the wish of the vast number of party members and the masses in Jiangxi. Congress participants also reviewed and adopted the provincial discipline inspection committee's work report, saying this report has truthfully summed up past work and would be positively instrumental in helping the province to improve party work style, to run a clean and honest government in the future, and to carry out a more thorough anticorruption drive.

Following good preparations and a democratic election, the congress saw the birth of the 10th Jiangxi provincial CPC committee and of the discipline inspection committee under the Jiangxi CPC committee. A number of young and energetic comrades with both political integrity and professional quality have joined the provincial CPC committee and provincial discipline inspection committee, thus marking a step forward in making the contingent of cadres more revolutionary, younger in average age, better educated, and professionally more competent in the provincial leadership lineup. The new provincial CPC committee and provincial discipline inspection committee must develop the previous committees' good traditions and excellent work style, constantly

improve themselves, shoulder historical tasks, try to do their best, and never betray the earnest expectations of the vast number of party members and the masses in the province.

Comrades, the period from now to the end of this century is key to the cause of reform, opening up, and socialist modernization construction in Jiangxi. The tasks ahead of us are glorious, yet arduous. The primary tasks confronting us following the closing of the congress are to greatly publicize and implement the guidelines set forth at the congress so they will be known by all and translated into action by all party members and people in Jiangxi. There is nothing that cannot be accomplished if it is initiated by the masses; there is nothing that is invincible if the people want it. Our cause will surely get still better and better, and our goal will surely be realized if we rally behind the CPC Central Committee with Comrade Jiang Zemin at its core; if we follow the guidance given in Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line; and if we unite the will of all, pool all forces, and energize all party members and people into action in Jiangxi.

During the congress, we received warm guidance and assistance from Jiang Yan, deputy director of the local cadre bureau under the CPC Central Committee Organization Department and from Comrade Wang Liping of the Organization Bureau. The province's democratic parties and industry and trade association also sent congratulatory messages to the congress. I want to express heartfelt thanks to them on behalf of the presidium of the congress and all delegates! To make the congress a success, all working personnel worked day and night prior to and during the congress. Here, I too want to express sincere thanks to them on behalf of the presidium of the congress and all delegates.

Central-South Region

Henan Arranges Ninth Five-Year Plan
SK2109141995 *Zhengzhou HENAN RIBAO*
in Chinese 22 Aug pp 1, 2

[By reporters Xiao Jianzhong (5135 1696 0022) and Zhang Lixin (1728 4539 2450): "The Provincial Government Holds the 15th Plenary Session"]

[FBIS Translated Text] The Eighth Five-Year Plan period is about to end, and the Ninth Five-Year Plan period is about to begin. On 21 August, Governor Ma Zhongchen convened the 15th plenary session of the provincial government to study the major arrangements for the Ninth Five-Year Plan, report on the situation how the projects covered by the Eighth Five-Year Plan are

linked with those covered by the Ninth Five-Year Plan, and arrange for the drawing-up of the Ninth Five-Year Plan.

Vice Governor Fan Qinchen pointed out in his speech: During the Ninth Five-Year Plan period, the fundamental tasks for the province's economic and social development can be summarized as laying three foundations and attaining one objective. That is, laying a structural foundation for rapid economic growth by accelerating the pace of cultivating the mainstay of markets and basically establishing the framework of the socialist market economic system; laying a material and technological foundation for the all-round invigoration by strengthening scientific and technological education, promoting technological progress, improving the overall quality of the national economy, making the province's gross domestic product in 2000 double that of 1994, and increasing the accumulation of the state and enterprises; laying an industrial foundation for striding into the 21st century by readjusting and optimizing the industrial structure and vigorously cultivating superior industries and enterprise groups oriented to domestic and world markets; and basically attaining the objective of having the people become relatively well-off by persisting in the coordinated development of the economy and society, improving the quality of population, and controlling population growth.

To this end, in developing the economy and society during the Ninth Five-Year Plan period, we should continue to implement the guiding ideology of "forging ahead courageously in unity in an effort to invigorate Henan," persist in the basic line of the party, comprehensively carry out the strategy of "invigorating Henan through science and education and promoting intensive development with opening up," and effect a change in the form of economic growth.

In line with the state industrial policy, the tentative plan for the readjustment of industrial structure is to continuously reinforce basic industries, such as agriculture, water conservation, energy industry, transportation, and communications industry; and to cultivate and develop the four pillar industries, namely, the agricultural and byproducts processing industry with the food industry as the head, the machinery and electronics industry with cars, motorcycles, program-controlled exchanges, and color screening products as the mainstay, the chemical industry with the petrochemical, medical and pharmaceutical, and coal chemical industries as the mainstay, and the construction and building materials industry with the construction industry as the head.

In the field of economic layout, we should accelerate the construction of Zhengzhou Commercial and Trade

Town and enhance the guiding role of the group of cities on Central Plains such as Zhengzhou, Kaifeng, Luoyang, Jiaozuo, Xinxiang, and Xuchang. We should rebuild and build a number of industrial bases that may enhance Henan's strength and that may produce great influence. We should lay emphasis on rebuilding Luoyang old industrial base and Zhengzhou textile industrial base and accelerate the construction of Luoyang and Puyang petrochemical industrial bases as well as Jiaozuo and Pingdingshan energy and heavy chemical industrial bases. We should continue to build the "50" project to form an aluminum-electricity joint industrial base. We should cultivate and develop a new industrial assembling belt along main transport lines such as Beijing-Kowloon Railway. We should continue to grasp the comprehensive development of the agricultural zone on plains and the mountain areas in western Henan. We should also accelerate the pace of extricating poverty-stricken areas from poverty in an effort to basically eliminate absolute poverty-stricken areas by 2000.

While briefing the session's participants on the situation in linking the Eighth Five-Year Plan with the Ninth Five-Year Plan and on the major arrangements for the province's Ninth Five-Year Plan, Fan Qinchen said: The state idea on the Ninth Five-Year Plan and the state investment programs during the period of the Ninth Five-Year Plan will soon be defined. For this reason, the provincial government called on various cities and prefectures as well as various departments directly under the provincial authorities to pay high attention to drawing-up their Ninth Five-Year Plans.

Based on the suggestions of the State Planning Commission and other departments concerned, Vice Governor Fan Qinchen offered four opinions on some major projects covered by the Ninth Five-Year Plan and on the drawing-up of the Ninth Five-Year Plan.

First, we should further clarify ideas and give prominence to major projects. Projects should be specialized ones with the appropriate scale, and the small-scale projects should be avoided. During the Ninth Five-Year Plan period, all departments and bureaus as well as all cities and prefectures should have their large and medium-sized backbone projects, which are compatible with the state industrial policies, have good sales and good economic efficiency, are able to return loans rapidly, and are aimed at the already approved items.

Second, we should carry out the project responsibility system and go all out to grasp its implementation. Pertinent leading comrades of all cities and prefectures as well as all departments concerned directly under the provincial authorities should personally run about winning projects and scramble for state investment in

order to make the state investment won by the province reach the average national level.

Third, we should conscientiously ensure the source of funds while striving for projects. Under the new construction system, a project must have 30 percent of capital fund, otherwise, no bank loans will be granted to it. We should make clear who is the main body in charge of a project; and the main body in charge should also be responsible for ensuring the source of funds.

Fourth, we should firmly grasp the drawing-up of the Ninth Five-Year Plan. All cities and prefectures as well as all departments and bureaus should also pay attention to the drawing-up and appraisal of their own Ninth Five-Year Plans.

Finally, Governor Ma Zhongchen delivered an important speech. He stressed:

First, all departments directly under the provincial authorities as well as all cities and prefectures have implemented their Eighth Five-Year Plans well and have done many tangible things. However, the results are not even and perfect. When studying the Ninth Five-Year Plan, we should guard against simply working out overall accounts. We should first make an all-round analysis of the implementation of the Eighth Five-Year Plan and try to find out what are the good experiences and what lessons we should learn. Based on this, we should arrange for the economic growth speed and construction scale in the Ninth Five-Year Plan period in line with the spirit of being not only positive but also reliable.

Second, we should make an all-round arrangement for the Ninth Five-Year Plan, with prominence to major aspects. We should primarily strengthen agriculture and the renovation of old enterprises and old industrial bases, positively develop basic industries, and energetically develop new economic growth points provided with advantages. We should base the form of economic growth on scientific and technological progress, on improvement of professionals' quality, and on transformation of mechanisms so that we can overcome the tendencies of initiating small but all-inclusive projects and conducting extensive management.

Third, in arranging capital construction, technological transformation, and exploitation projects, we should consider the possibility of funds, the essential capital fund in particular. Input and output should be kept in balance. To this end, we should work out thorough plans and stress on practical results. For agriculture, water conservation projects, energy resources, communications, telecommunications, petrochemical industry, basic and raw materials, machinery and electronics in-

dustry, light and textile industries, and the reprocessing of agricultural and sideline products, we should not only make an all-round arrangement but also give prominence to major aspects. In other words, we should avoid vague generalizations, in which, all kinds of projects are undertaken but none of them will be carried out successfully. We should arrange more projects to win the loans of the World Bank, the Asian Bank, foreign governments, and our country.

Fourth, during the Ninth Five-Year Plan period, all departments and bureaus as well as all cities and prefectures should have their own large and medium-sized backbone projects. Otherwise, there will be no momentum for their economic development. The arranged projects should be compatible with the state industrial policy, should have good sales and economic efficiency, and should have the ability to return loans rapidly. For the projects incorporated to the state plan, we should make more reports to the state to win more investments from the state and should carry out the responsibility system to actually enhance the responsibilities of the legal entities and construction units of these projects.

Fifth, all units directly under the provincial authorities as well as all cities and prefectures should schedule a certain period of time to link themselves with state departments and should not relax their work and become careless on account that their projects will probably be approved by the state. A certain period of time remains from now to the time when projects are formally listed in the state plan. All units directly under the provincial authorities and all cities and prefectures should get on with implementation work. Their principal responsible comrades should personally report their work to state organs, and someone should be assigned to specially do the work concerning projects until their projects are formally listed in the state plan. After this, continued efforts should be made to grasp the implementation of projects. For this work, we have gained both experiences and lessons. Thus, we must not, in the slightest degree, slack our efforts.

Attending the session were Li Chengyu, Zhang Shiyang, Zhang Honghua, Yu Jiahua, Li Zhibin, and principal responsible comrades of 47 work departments. Invited to the session were Zhong Lisheng, vice chairman of the provincial people's congress standing committee; Liu Yujie, Zuo Mingsheng, and Shao Lingfang, vice chairmen of the provincial committee of the Chinese People's Political Consultative Conference; and responsible comrades of pertinent departments of the provincial party committee and various democratic parties of the province. Attending the session as observers were responsible comrades of the pertinent departments directly under the provincial authorities and the state organs sta-

tioned in Henan; mayors of various cities; commissioners of various prefectures; and chairmen of planning commissions of various cities and prefectures.

Hubei Secretary, Governor Speak at CPC Meeting
SK2109134395 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 20 Sep 95

[FBIS Translated Text] The provincial party committee held an enlarged standing committee meeting yesterday to hear the provincial government's report on Hubei's Ninth Five-Year Plan and long-term program for the period until the year 2010. It was noted at the meeting that by the year 2000, Hubei would become an inland economic region of China which would have prominent advantages, distinctive characteristics, substantial economic strength, high development level, and good overall efficiency; its people, in general, would achieve a moderately prosperous life, and the strategic objective of moderate prosperity would be attained; and the province would be built from a large industrial and agricultural province in central China into an economically strong province, thus laying a solid foundation for it to attain the strategic objective of revitalization and rise.

Attending the meeting were Jia Zhijie, secretary of provincial party committee; Jiang Zhuping, deputy secretary of the provincial party committee and provincial governor; Qian Yunlu, deputy secretary of the provincial party committee and Chairman of the provincial committee of the Chinese People's Political Consultative Conference [CPPCC]; Yang Yongliang, deputy secretary of the provincial party committee; and Li Daqiang, Wang Zhongnong, Liu Rongli, and Huang Yuanzhi, Standing Committee members of the provincial party committee.

Jia Zhijie chaired the meeting. Li Daqing gave a report on Hubei's Ninth Five-Year Plan and its program for the period until 2010.

Jia Zhijie also spoke to summarize the meeting. He emphasized several issues on the development during the Ninth Five-Year Plan period.

First, we should expedite fundamental changes in the economic system and the pattern of economic growth to further upgrade the quality and efficiency of economic operations. We should let reform dominate the overall situation and establish the framework of the socialist market economy system by achieving success in the several important and interrelated links, such as transforming enterprises' operating mechanism, accelerating the establishment of the market system, strengthening the reform of the social security system, and changing government functions more rapidly. We should adhere to the principle of large-scale development and large-

scale improvement and realistically shift the focus of economic work to economic efficiency.

Second, we should unfailingly develop agriculture, large-scale agriculture, to further solidify agriculture as the foundation of the national economy. Agriculture should be put above everything else during the Ninth Five-Year Plan period. We should steadily develop grain and oil seed production in line with the idea to develop high-yield, good-quality, and high-efficiency agriculture. Breakthroughs should be made in the diversified economy. The principle of large-scale development and large-scale improvement should be continued to achieve breakthroughs in township enterprise development.

Third, we should conscientiously improve state-owned enterprises and give a greater leading role to the state-owned economy. We should persist in the direction of establishing the modern enterprise system for reform; the policy of restructuring, reorganization, technical transformation, and strengthened management; the basic principle of strengthening large enterprises and decontrolling small ones; and the increase of momentum in work.

Fourth, we should step up the implementation of the strategy of developing Hubei with science, technology, and education and further facilitate the coordination of science and technology with the economy. Firmly focusing on the target of moderate prosperity, we should vigorously develop agriculture with science, technology, and education. We should greatly improve technological improvement, with the focus on the automobile, metallurgical, chemical, building material, machinery and electric, and light and textile industries—the six pillar industries. We should also focus our work on the construction of the three gorges project and the information industry.

Fifth, we should broaden the channels for investment and strive to tide over the difficulties in capital supply. We should make the investment channels broader and exert great efforts to tide over the difficulties in capital supply by means of reform, opening to the outside world, and doing work in a more flexible manner.

Sixth, we should actively open wider to the outside world and expedite our linkage to the international economy.

Seventh, we should ensure success in implementing the three basic national policies on environmental protection, land, and population quality.

Eighth, we should attend to the two tasks simultaneously and succeed in both to bring about comprehensive social progress. We should organize the people throughout the province, especially party members and cadres,

to conscientiously study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and modern scientific and technological knowledge in order to meet the needs in reform, opening up, and the modernization drive. We should expedite the urban spiritual civilization project, greatly advocate the Hubei spirit—unity and indomitable work, truth seeking and innovation, competition to become vanguards, and realistic work and rapid progress—to encourage Hubei people to make contributions to Hubei's revitalization and rise.

Jia Zhijie also came up with requirements on the next step of formulation and revision of the Ninth Five-Year Plan and other work.

Jiang Zhuping spoke at the meeting. He particularly emphasized: During the Ninth Five-Year Plan period, great efforts should be made in adjusting and optimizing the economic structure and in changing the pattern of economic growth to upgrade the quality and efficiency of economic operations. We should give prominence to priorities, concentrate efforts on the important projects that lead and influence the overall situation, and achieve success in the industrial layout, the regional economic layout, and the endeavor of developing Hubei with science, technology, and education.

He urged: In the next step, a better job should be done in linking Hubei's Ninth Five-Year Plan with the national plan and in calculation and appraisals to make the plan more scientific, more reliable, and more operable, and to improve the system of objectives.

Qian Yunlu and Yang Yongliang spoke at the meeting. Others also speaking at the meeting included Wang Zhongnong and Huang Yuanzhi; Deng Yunfei, vice chairman of the provincial people's congress Standing Committee; Vice Governors Han Nanpeng, Su Xiaoyun, and Zhang Hongxiang; and Zhou Jianwei, director of the provincial economic and trade commission.

Also present at the meeting were leaders of the provincial people's congress and CPPCC committee, including Lin Jinming, Zhong Shuqiao, Zhang Huainian, Zhou Zibai, Meng Meilu, Shi Quan, Shen Kechang, Liu Jiankang, and (Dai Jianneng); and persons in charge from the departments directly under the province.

Hubei Holds Enterprise Improvement Conference

SK2109140095 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 19 Sep 95

[FBIS Translated Text] The provincial party committee and government held a televised mobilization conference on improving state-owned enterprises in Wuhan on the morning of 18 September to further mobilize cadres

at all levels across the province and the broad masses of workers to conscientiously study and deeply understand the guidelines of General Secretary Jiang Zemin's important speeches given in Shanghai and Changchun, unify ideology and understanding, strengthen confidence, regard successfully running state-owned enterprises as the emphasis and raising economic efficiency as the objective, seize the current good season and favorable opportunity for industrial production, work hard for 100 days, comprehensively overfulfill this year's various tasks, realize the three high objectives set by the provincial party committee and government earlier this year, and successfully enter the first year of the Ninth Five-Year Plan.

On 16 September, the provincial party committee held an enlarged standing committee meeting to concentratedly and deeply study General Secretary Jiang Zemin's important speeches and to make arrangements for the whole province to deeply study and implement the guidelines of the speeches, to make further efforts to successfully run state-owned enterprises, and to develop an excellent situation in the whole province.

Jia Zhijie, secretary of the provincial party committee, presided over the televised mobilization conference and gave a speech. Governor Jiang Zhuping gave a speech on making arrangements for the province's industrial economic work during the next three months.

Leaders of the provincial party committee, the provincial people's congress standing committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Liu Rongli, Huang Yuanzhi, Wang Hanzhang, Su Xiaoyun, and Zhong Shuqiao, attended the mobilization conference.

The conference stressed: It is necessary to study and deeply understand the essence of the guidelines of General Secretary Jiang's important speeches, and unite ideology and understanding with the guidelines of the speeches. In the course of study, we must realistically grasp several major points. First, we must uphold the mainstay status of the public ownership system and give full play to the main role of the state-owned sector of the economy; second, uphold the reform orientation of building the modern enterprise system, and through changing operational mechanism, turn enterprises into legal entities and main bodies of the market; third, uphold the principle of conducting reform, changing systems, conducting transformation and strengthening management, boost the vitality of all state-owned enterprises, and enhance their market competition ability; fourth, persist in regarding economic efficiency as the central task and change the pattern of economic growth

from one of mainly paying attention to rate and efficiency into one of paying attention to quality and efficiency, from extensive management into intensive management, from one of expanding production by establishing new projects into one of expanding production by upgrading technology and improving internal management; fifth, uphold the basic principle of grasping large enterprises while relaxing control over small enterprises, grasp dragon-head key enterprises, relax control over small enterprises, and promote the sound and effective development of the entire national economy; sixth, persist in wholeheartedly relying on the working class, safeguard the master status of workers, boost the enthusiasm and creativity of the broad masses of workers, and strengthen the cohesion and centripetal force of enterprises.

The conference proposed: We should take the study of the guidelines of General Secretary Jiang's important speeches as the motivation, work hard for 100 days, comprehensively fulfill this year's various tasks for the industrial economy, and realize the three high objectives set by the provincial party committee and government earlier this year. In this connection, the conference called for strengthening efforts in five aspects of work.

1) We should expand efforts to implement the strategy of producing boutiques and brand-name products because they are carriers of economic efficiency, and should act as Jiangsu where brand-name products are regarded as a sign of power; 2) expand efforts to conduct technological transformation; 3) strengthen efforts in enterprise management; 4) expand efforts to develop the market; and 5) expand efforts to increase investment.

The conference stressed: It is necessary to strengthen leadership, further change work style, and strive to implement all measures for enterprise reform and development in places where needed. Principal responsible comrades of party and government organs at all levels should assume personal command over this work, devote effort to fight a decisive battle, grasp the key points, tackle difficult points, analyze typical cases, and draw experience from them to promote the entire work. We should strengthen departmental service, maintain close coordination, and form an integrated joint force for successively running state-owned enterprises and promoting the province's economic development. We should correctly handle the relations of reform, development, and stability. All localities should boost efforts, do practical things, seek actual results, deeply conduct investigation, grasp each and every case, adopt specific measures, realistically grasp reform and development of state-owned enterprises, and push economic efficiency to a new height.

Hunan's Changsha Hosts International Exhibition
OW2109170895 Beijing XINHUA in English
1404 GMT 21 Sep 95

[FBIS Transcribed Text] Changsha, September 21 (XINHUA) — The '95 China International New Technology and New Products Exhibition was held today in the capital city of Central China's Hunan Province.

The five-day exhibition has attracted businessmen from some 13 countries and regions, such as the United States, Hong Kong, Macao, and European and Asia-Pacific Rim countries.

More than 2,000 Chinese universities, research institutes, and industrial enterprises also participated.

On show are more than 4,500 kinds of exhibits, ranging from food processing, machine, electronics, farm machinery, light industry, metallurgy, and medicine technology to building materials.

In addition, more than 60 notices inviting competitive bids will be posted at the exhibition.

It is estimated that nearly 40,000 visitors will visit the exhibition out of curiosity or for negotiations.

Southwest Region

Yunnan's Provincial Standing Committee Namelist
OW2209023995 Kunming YUNNAN RIBAO
in Chinese 28 Aug 95 p 1

[FBIS Translated Text] **Communique of the First Plenary Session of the Yunnan Provincial CPC Discipline Inspection Commission (adopted 27 August 1995)**

Through election at the First Plenary Session of the Yunnan Provincial CPC Discipline Inspection Commission and with approval of the First Plenary Session of the Sixth Yunnan Provincial CPC Committee and the CPC Central Committee, the namelist of the Standing Committee members, secretary, and deputy secretaries of the Yunnan Provincial CPC Discipline Inspection Commission is as follows:

Standing Committee members: Sun Gan [1327 3227], Dun Jintang [3008 6855 1016] (Bai Nationality), Liang Fuxiang [2733 4395 4382], Li Jianguo [2621 1696 0948], Wang Yumei [3769 3768 5019], Du Liang [2629 2856] (Bai Nationality), Liu Jiagui [0491 1367 6311], Ling Huaxin [0407 5478 3512], Dong Zhihong [5516 1807 4767] (female).

Secretary: Sun Gan

Deputy secretaries: Duan Jintang, Liang Fuxiang, Li Jianguo

Yunnan's Social Security Inspection Team Viewed

*OW2209032995 Kunming YUNNAN RIBAO
in Chinese 8 Sep 95 p 1*

[By Liu Weimin (0491 3634 3046): "Yunnan People's Congress Law-Enforcement Inspection Team for Comprehensive Management of Social Security Starts Working; Provincial Committee for Comprehensive Management of Social Security and Provincial Public Security Department Reports on Comprehensive Management and 'Three Bans' Situation"]

[FBIS Translated Text] On 7 September, the provincial people's congress standing committee's law-enforcement inspection team for comprehensive social security management listened to work reports presented by the office of the provincial committee for comprehensive social security management and by the provincial public security department.

Yin Jun, provincial people's congress standing committee chairman, presided over the meeting, also attended by Bao Yongkang, provincial people's congress standing committee vice chairman, and leading comrades of concerned departments.

Addressing the meeting, Yin Jun elaborated on the significance of the provincial people's congress standing committee's work in organizing law-enforcement inspection for comprehensive social security management. He said: According to its 1995 work schedule, the provincial people's congress standing committee will, in the third quarter, organize a team to inspect the enforcement of such laws and regulations as the "National People's Congress's Decision on Strengthening Comprehensive Management of Social Security" and "Yunnan Province's Regulations on Comprehensive Management of Social Security" and to examine the work of comprehensive social security management, while focusing on the bans on narcotics, gambling, and prostitution and patronizing prostitutes. Today, we will first listen to work reports by the provincial committee for comprehensive social security management and by the provincial public security department, so as to understand the general situation of social security management and the "three bans" work. Next, the inspection team will go to Honghe Prefecture and Kunming City to carry out law-enforcement inspection of the work of comprehensive social security management, while focusing on enforcement of bans on narcotics, gambling, and prostitution and patronizing prostitutes. This time, the provincial people's congress inspection team will go down to the grass roots to conduct surveys and propose measures to strengthen enforcement and supervision of the bans on narcotics, gambling, and prostitution and patronizing prostitutes, thus orienting our province's so-

cial security in a good direction and providing a stable and fine social environment for our province's reform and opening up and economic development.

Yin Jun also elaborated on the guiding ideology, key points, and methods for law-enforcement inspection of comprehensive social security management.

Comrades in charge of the provincial public security department and the provincial committee for comprehensive social security management separately reported on achievements of our province's public security organs this year in fighting against narcotics, prostitution, and gambling and the situation they faced, as well as the situation of comprehensive management of social security in our province.

Bao Yongkang, provincial people's congress standing committee vice chairman, also addressed the meeting.

North Region**Beijing To Relocate Polluting Factories**

*OW2209073695 Beijing XINHUA in English
0649 GMT 22 Sep 95*

[FBIS Transcribed Text] Beijing, September 22 (XINHUA) — Beijing, China's capital city, has decided to relocate all its factories that damage the environment on its outskirts in five years.

According to a package to readjust the structure of production, the municipal government will force those pollutant-makers to move out of the city's downtown area.

And, the latest technology will be introduced into chemical plants and metallurgical factories, which were traditionally regarded as the pride of a big Chinese city, to set up environment protection systems.

Meanwhile, the development of the service industry and high-tech companies will be encouraged, according to Liu Kexin, deputy director of the municipal economic commission.

Key items to be boosted will include the industries of information, biology, new materials, communications, electricity, electronics, and computer, he explained.

He revealed that the government will help create some big industrial groups with profitable firms as their core. Those enterprises suffering heavy losses will be merged, auctioned, sold, or declared bankrupt, he added.

New Tianjin Port Area Completed

OW2209032395 Beijing XINHUA in English
0216 GMT 22 Sep 95

[FBIS Transcribed Text] Tianjin, September 22 (XINHUA) — A new section has taken shape in the southern part of Tianjin Port, China's largest man-made port.

The five-square-kilometer area, which handles loading and unloading, transportation, storage, industrial production, and sales, is in fact a new export-oriented processing zone in Tianjin.

Built on reclaimed land, the new area is designed for seven berths, three for oil, two for coal, and two for mineral ores, each above 10,000-ton capacity.

To date, a 50,000-ton oil terminal has become operational and has handled 1.5 million tons of crude, putting an end to the port's history of being unable to handle oil loading and unloading.

A 15,000-ton oil terminal has already been completed, and another 30,000-ton terminal is scheduled to be completed in 1997.

Port authorities say that the coal terminals will facilitate the shipping of coal from north to south China, while the mineral ores terminals will meet the needs of several large metallurgical enterprises in the north.

The one-million-square-meter petrochemical area has already drawn the interest of Chinese enterprises and multinational corporations. Shell International Petroleum Co. Ltd., for example, has invested in four enterprises here and Mobil Oil Ltd. has put 30 million US dollars into a lubricating oil plant.

A highway and railway bridge across the harbor are under construction in the new area, with the former expected to open to traffic soon and the latter to be completed in the first half of next year.

Goods handled here go to more than 160 countries and regions through over 300 overseas ports.

Further on Spokesman on Taiwan's UN 'Scheme'
OW2109120895 Beijing XINHUA Domestic Service
in Chinese 1021 GMT 20 Sep 95

[FBIS Translated Text] Beijing, 20 Sep (XINHUA) — A spokesman for the Taiwan Affairs Offices of the CPC Central Committee and the State Council issued a statement on 20 September, firmly opposing the Taiwan authorities' scheme of "joining the United Nations." The spokesman said: Recently, the Taiwan authorities have again been recklessly striving for "joining the United Nations." In a booklet titled "The Republic of China" and the United Nations" they published a few days ago, the Taiwan authorities utter nonsense such as that the term China is "a neutral one, with broad historical, cultural, and geographical connotations"; and they flagrantly advocate the coexistence of the "Republic of China" on Taiwan and the People's Republic of China on the mainland, with the Taiwan Strait as the boundary. They also state that Taiwan's purpose in "joining the United Nations" is for the sake of "coexisting peacefully on all occasions and in all activities within the international community on an equal footing with the PRC, so that the situation can support Taiwan's equal status with the PRC in cross-strait relations, with neither side being subject to the other." While the booklet attempts to disguise Li Denghui [Li Teng-hui] as one who stands for reunification and is against "Taiwan independence," it actually has fully exposed his true intention of creating "two Chinas," or "one China, one Taiwan." It also shows that Li Denghui has acted even more brazenly in his deliberate attempt to separate Taiwan from China.

A country's sovereignty can neither be divided nor shared. Everyone knows that the United Nations is an international organization with sovereign states as its members. The representation issue of China as a sovereign state was completely settled politically, lawfully, and procedurally in 1971. Under the name of "acknowledging the fact that the two sides are under separate rules," Li Denghui has tried hard to interpret the yet to be reunified situation between the two sides as "a situation where each side is exercising sovereignty in areas under their respective jurisdiction," thus turning Taiwan into a "sovereign state." As an inalienable part of China's sacred territory, Taiwan's UN membership, no matter in what name, will constitute a serious transgression of China's sovereignty and territorial integrity, and this is something all the Chinese people will firmly oppose.

In order to "join the United Nations," the Taiwan authorities have stated that it is "the aspiration of the people in Taiwan." In fact, what they do totally goes against the fundamental interests of our countrymen in Taiwan.

Li Denghui already has spent huge amounts of their hard-earned money on promoting "two Chinas," or "one China, one Taiwan" in the international community. Instead of benefiting the people in Taiwan, what he has done has created cross-strait tension and social unrest in Taiwan, which has already inflicted great harm on our countrymen in Taiwan. The practice of spending Chinese people's money on purchasing foreigners' interference in China's internal affairs is truly an act that has caused great harm to the country and the people. This is Taiwan people's misfortune, not fortune.

Our countrymen in Taiwan are our flesh-and-blood brothers. We fully respect their aspirations for economic growth, social stability, and being their own masters. However, while we express our concern and care for our Taiwan countrymen's interests, we cannot do so at the expense of the interests of the Chinese nation as a whole. Specifically because we consider the fundamental interests of all the Chinese people, including our Taiwan countrymen, we uphold the "one China" principle and do not object to the development of nongovernmental, economic, and cultural relations between Taiwan and foreign countries; but we firmly oppose the Taiwan authorities' activities of "expanding the international living space" with the objective of creating "two Chinas," or "one China, one Taiwan." We believe that our countrymen in Taiwan can fully understand our position, distinguish right and wrong on this fundamental issue of principle that involves our motherland's sovereignty and territorial integrity, and oppose all acts meant to divide the motherland. We certainly can accomplish the great cause of national reunification as long as people on the two sides do away with interferences and share the heavy responsibilities.

ARATS Showed 'Sincerity' in Cross-Strait Talks
OW2109111195 Beijing ZHONGGUO XINWEN SHE
in English 1249 GMT 19 Sep 95

[FBIS Transcribed Text] Beijing, September 19 (CNS) — The Executive Vice Chairman of the Association for Relations Across the Taiwan Strait (ARATS) Tang Shubei said in an interview that the mainland body still maintained regular contacts with its Taiwan counterpart the Straits Exchange Foundation (SEF) on matters regarding the lives and property of people on both sides of the strait. Mr. Tang however said that as Li Teng-hui of Taiwan had deviated from the "one China" principle, talks between the two cross-strait bodies bore no real significance.

Mr. Tang noted that ARATS had shown great sincerity in recent years in its efforts to develop cross-strait talks. Even though it was revealed in May that Li would visit the United States, Mr. Tang went to Taiwan as

scheduled to meet Chiao Jen-ho, SEF vice chairman, and make preparations for talks between the leaders of the two bodies. Mr. Tang's trip clearly demonstrated ARATS's sincerity. Li, however, upheld his "one China one Taiwan" and "two Chinas" platforms by visiting the United States. He had to be held responsible for the disruption of the premise and foundation on which steady development of cross-strait relations were based.

Under such circumstances there was little significance to be had in talks between ARATS and SEF.

Mr. Tang was convinced that future talks between the two bodies totally depended on whether Taiwan would really return to the "one China" position and take steps to give up its "two Chinas" and "one China one Taiwan" ideas.

China Scores ARATS on 'Intentional Distortion'
OW2109092895 Taipei CHUNG-KUO SHIH-PAO
in Chinese 20 Sep 95 p 2

[FBIS Translated Text] Chiao Jen-ho, vice chairman and secretary general of the Strait Exchange Foundation [SEF], pointed out yesterday: In the phase of technical talks between the two sides of the strait, it is better that each continues to hold its own interpretation of the "one China" principle, as there is a wide gap between their perceptions.

Chiao Jen-ho also emphasized: If leading cadres of the mainland's Association for Relations Across the Taiwan Strait [ARATS] and the Chinese Communists' Ministry of Foreign Affairs speak along the same lines on the issue of "one China," the SEF and ARATS will remain antagonistic to each other, and it will be very difficult for them to reach a consensus. Talks between the SEF and ARATS at all levels are apolitical, nongovernmental rendezvous aimed at resolving routine and economic matters. In the course of consultation, there is no need for the two bodies to get involved in the political dispute over "one China," otherwise it will become impossible for them to resume technical talks.

Chiao Jen-ho made the remarks when commenting on a speech by the ARATS's leading cadre, which was transmitted by the Chinese Communists' HSINHUA [XINHUA] NEWS AGENCY yesterday, on the prerequisites for developing cross-strait relations and promoting relations and cooperation between the SEF and ARATS.

Chiao Jen-ho maintained: The ARATS's leading cadre obstinately equated the reality that the two sides are divided and under separate jurisdictions, with the so-called creation of "two Chinas" and "one China, one Taiwan." Obviously, this was an intentional distortion of the current cross-strait situation. As for our developing international relations as a sovereign state, the leading cadre also termed it our advocacy of "two Chinas" in the international community. He also sedulously provoked confrontation between people in Mainland China and people in Taiwan [ko yi chiang chung kuo jen min yu tai wan jen min tui li chi lai 0466 1942 1412 0022 0948 0086 3046 5280 0669 3494 0086 3046 1417 4539 6386 0171]. These remarks were unfavorable for the development of cross-strait relations.

ARATS Charges on Attacks on Fishermen Refuted
OW2209020895 Taipei CHUNG-YANG JIH-PAO
in Chinese 19 Sep 95 p 10

[FBIS Translated Text] On 18 September, the mainland's Association for Relations Across the Taiwan Straits [ARATS] sent a letter to the Strait Exchange Foundation [SEF] condemning our soldiers for driv-

ing away or killing mainland fishermen. On this issue, Liu Te-hsun, director of the Mainland Affairs Council's [MAC] Legal and Political Affairs Department, said yesterday: Since the downturn in cross-strait relations, our troops on Kinmen and Matsu have adjusted their approach to turning away mainland fishermen, in consideration of cross-strait relations, and have tried their best not to shell mainland fishermen. However, thanks to our goodwill gesture, more and more mainland fishermen have trespassed in our waters, and in some cases they have even gone ashore to collect seaweed.

In its letter protesting the repelling of mainland fishing boats by our troops on Kinmen and Matsu, ARATS said that since 1992, Taiwan's troops have injured 99 mainland fishermen by shelling their boats and that 31 of them were killed. ARATS also cited an incident on 12 May 1994 involving the tugboats "Min Lien Fish 9329" and "Min Lien Fish 9330," saying the boats were shelled by our troops and were not allowed to pull in to shore when fishermen on board needed medical treatment.

Liu Te-hsun refuted the accusation, saying that the number of casualties cited by ARATS not only differed from our data but was inconsistent with its own previously released figures. So we should check on the number.

As for the "Min Lien Fish 9329" and "Min Lien Fish 9330" incident, Liu Te-hsun said we wrote to the Ministry of National Defense for information on the incident. It was confirmed that after firing shells to repel mainland fishing boats, our side found mainland fishermen had been accidentally injured, immediately allowed the boats to pull in to shore, and sent the injured to a hospital. On 14 May, we paid compensation of NT\$55,000 [new Taiwan dollars] to the captain, asking him to convey our regards to the victims' families on the mainland. There are some discrepancies about the facts and the handling of the incident.

MAC Official on Raising UN Bid With Mainland
OW2209060795 Taipei CHUNG-YANG JIH-PAO
in Chinese 16 Sep 95 p 2

[FBIS Translated Text] Mainland Affairs Council [MAC] Vice Chairman Yeh Chin-feng said yesterday: We will not avoid or rule out discussing our participation in the United Nations with the mainland, if cross-strait relations are mature enough for the two sides to discuss the issue.

U.S. State Department spokesman Burns pointed out yesterday that Taiwan's UN participation should be discussed by Taiwan and the mainland. Whether such a remark means that the United States has somewhat relaxed its attitude toward Taiwan's UN participation merits further observation.

Yeh Chin-feng said: Basically, maintaining stability across the Taiwan Strait and developing benign cross-strait interaction — as well as expanding our space in the international community to ensure our countrymen's interests, rights, and dignity in the international community — are in the mainstream of public opinion in Taiwan and are the public's greatest concern. They are also the focus of two major government policies.

Yeh Chin-feng said: We maintain that the two policies can be implemented without coming into conflict. However, it is necessary to ponder their interaction.

Yeh Chin-feng added: As for how the two sides should interact in the international community, we have various plans and arrangements in the National Unification Guidelines for cross-strait interaction at various stages. If cross-strait relations are mature enough for both sides to discuss Taiwan's UN participation, we will not avoid or rule out discussing the issue.

**Spokesman: Position on APEC Summit
'Unchanged'**

OW2109100595 Taipei CNA in English
0902 GMT 21 Sep 95

[By Debbie Kuo]

[FBIS Transcribed Text] Taipei, Sept. 21 (CNA) — The Republic of China [ROC]'s position on President Li Teng-hui's attendance at the November Asia-Pacific Economic Cooperation (APEC) leadership summit in Osaka remains unchanged, ROC spokesman Jason Hu said Wednesday [20 September] in Tokyo.

Hu, who is returning to Taipei Thursday after a four-day visit to Japan, said despite allegations that the Japanese Government may not allow President Li or Vice Premier Hsu Li-te to attend the APEC meeting as a result of pressure from Beijing, Taipei's bid to have President Li represent the country at the APEC summit remains intact.

The ROC stance is that since the APEC forum is an economic organization aimed at strengthening economic cooperation and exchanges among Asia-Pacific countries, all members, including Taiwan, should be treated fairly, Hu said. Taipei doesn't see any reason that President Li should be barred from the leadership summit, he asserted.

Hu said as far as he knew, Japan, the host of the forthcoming unofficial leaders summit, has not made a final decision on the invitations.

Ministry of Foreign Affairs spokesman Rock Leng said Wednesday that the ministry has not received any reports yet from its Tokyo office concerning the

invitation. But Leng said Tokyo is expected to settle the invitation issue and send out invitations to member countries later this month.

Commenting on a SANKEI SHIMBUN front-page report Wednesday that Japan will send a Foreign Ministry official to Taipei shortly to discuss the invitation issue with Taipei, Leng said the ministry has no comment on the report.

The SANKEI SHIMBUN said an ambassador-level Foreign Ministry official will visit Taipei shortly to discuss Taipei's representation at the APEC summit. The official hopes to find a solution acceptable to Taipei, the host country and Beijing, who launched a strong protest against Tokyo last year over Vice Premier Hsu Li-te's attendance at the Asian Games in Japan. The report said the envoy will explain Japan's stance and seek Taipei's understanding.

The Japanese paper speculated that Katsuhisa Uchida, an extraordinary and plenipotentiary ambassador in charge of foreign trade, will most likely be the envoy. Ichida visited Taipei in June, making him the highest-ranking Japanese official to visit the ROC since the two countries severed diplomatic ties in 1972.

DPP Chairman: No Need To Declare Independence

OW2109140295 Taipei CHUNG-KUO SHIH-PAO
in Chinese 19 Sep 95 p 4

[FBIS Translated Text] "After it is in power, the Democratic Progressive Party [DPP] does not need to declare Taiwan independence, nor will it do so." With this controversial remark in mind, DPP Chairman Shih Ming-te pointed out on 17 September: Taiwan independence, advocated by the DPP, is "a Republic of China [ROC] type of Taiwan independence" [zhong hua min guo mo shi de tai du 0022 5478 3046 0948 2875 1709 4104 0669 3747], that is the meaning of "the ROC on Taiwan," reiterated by President Li Teng-hui recently. As for whether the nation's title will be changed after the DPP becomes the ruling party, it will be decided by the people through referendums. The DPP will not unilaterally announce a new title.

Shih Ming-te said: I acknowledge that the PRC is the sole legal government of "China"; however, this "China" has never had jurisdiction over Taiwan, Penghu, Kinmen, and Matsu. The ROC is the legal regime of Taiwan, Penghu, Kinmen, and Matsu. In fact, it has been an independent sovereign state since 1949. China can only veto Taiwan's application to join the United Nations at the world body; however, it cannot negate the fact that Taiwan has become independent for half a century. There is no need for Taiwan to declare independence once again.

Daily Reports Mainland Military Exercises

OW2109092595 Taipei CHUNG-KUO SHIH-PAO
in Chinese 20 Sep 95 p 9

[FBIS Translated Text] Reliable military sources disclosed that the Chinese Communists conducted military exercises in the interior in September and two missiles were launched during the exercises. However, the sources did not give a further explanation of the exercises. According to relevant sources, the Chinese Communists are likely to hold another exercise in October.

It has been learned that the Chinese Communists' Lanzhou Military Region conducted large-scale land-air exercises recently. Units participating in the exercises included Air Force fighters and ground armored and artillery forces. The Chinese Communists' CHIEHFANGCHUN PAO [JIEFANGJUN BAO] and foreign media have carried reports on the exercises.

Before the exercises, the Chinese Communists conducted two exercises in the East China Sea. Six M-9 missiles were launched during the first exercise and some 20 tactical missiles were launched during the second exercise.

Chiang, Lin Leave for Economic Meeting in U.S.

OW2209034095 Taipei CNA in English
0139 GMT 22 Sep 95

[By Yang I-feng]

[FBIS Transcribed Text] Taipei, Sept. (CNA) [dateline as received] — Economic Affairs Minister P.K. Chiang and Finance Minister Lin Chen-kuo left Taiwan for the United States Thursday [21 September] to take part in the 19th Joint Conference of the ROC [Republic of China]-USA and USA-ROC Economic Councils.

The five-day conference is scheduled to open on Sept. 21 in Anchorage, Alaska.

Chiang said he will use the conference to report on the progress of the ROC's Asia-Pacific operations plan and stress opportunities for US businessmen in Taiwan.

Chiang and Lin will meet with US commerce department officials to discuss the fourth nuclear power plant project in Taiwan, other public works opportunities, and problems the ROC faces in its efforts to join the World Trade Organization.

Lin will address the conference regarding Taiwan's plan to become a center of finance in the Asia-Pacific region.

Li Urges Japan's Help To Narrow Trade Gap

OW2109103895 Taipei CNA in English
0935 GMT 21 Sep 95

[By Sofia Wu]

[FBIS Transcribed Text] Taipei, Sept. 21 (CNA) — President Li Teng-hui Thursday [21 September] urged Japan to cooperate with Taiwan to redress the huge trade imbalance between the two countries.

Li made the call while meeting with three Japanese Diet members, including Masakuni Murakami, Liberal Democratic Party whip in the House of Councillors.

Taiwan suffered a trade deficit of US\$14.56 billion with Japan in 1994 and the amount may exceed US\$16 billion this year. Taiwan's trade deficit with Japan already hit US\$12.08 billion between January and August.

Li said the ROC [Republic of China] Government is concerned about the chronically unbalanced development in its trade with Japan. "We have sorted out 300 trade items that may be able to help cut our trade deficit with Japan," Li said, adding he hopes the Japanese Government will sincerely cooperate with Taiwan to resolve the problem by encouraging its enterprises to increase investment in high-technology industries in Taiwan or to transfer technical know-how to their Taiwan joint-venture partners for producing key components and parts. Machinery and electronics components and parts have been major Taiwan imports from Japan.

Li further urged Japan to help Taiwan join the World Trade Organization as early as possible.

The issue concerning whether Japan will grant a visa for President Li to attend a leadership meeting of the Asia-Pacific Economic Cooperation forum scheduled to be held in Osaka, western Japan in November has not discussed during the meeting, a presidential office news release said.

Murakami arrived in Taipei Tuesday to receive an honorary doctorate of law from Chinese Culture University.

Murakami denied Wednesday that he was sent as a government messenger over the APEC issue. The Japanese Government has shown no signs of changing its mind in favor of Li's attendance at the APEC summit, Murakami said, adding he personally would like to see Li attend the summit.

He further said if Li is not invited to attend the summit, Japan will give Taipei a proper explanation. "And it will be up to Taipei to decide who will represent Li at the APEC summit," he added.

Because of Beijing's opposition, President Li failed to attend the 1993 and 1994 APEC leadership meetings, held in Seattle, United States and Bogor, Indonesia respectively. Hsiao Wan-chang, then chairman of the Council for Economic Planning and Development, represented Li at those meetings.

Lien, Grenada Premier Assess Bilateral Ties
OW2209034195 Taipei CNA in English
0144 GMT 22 Sep 95

[By Danielle Yang]

[FBIS Transcribed Text] Taipei, Sept. 21 (CNA) — Republic of China [ROC]'s Premier Lien Chan told visiting Grenada Premier Keith Mitchell that he hopes Grenada can continue to support the ROC in the international community.

During their meeting, Lien said it is unfair to exclude the ROC from international activities just because it does not accept communism. Lien said the exclusion has made it impossible for the ROC to have its voice heard and contribute positively to the international society.

Although the ROC and Grenada are geographically distant, Lien said they have maintained close relations, and the ROC is willing to strengthen agricultural and economic cooperation and exchanges with Grenada.

Mitchell said Grenada appreciates the assistance extended by the ROC agricultural technology mission to his country. He thanked the ROC mission for its role in Grenada's agricultural development.

In addition, Mitchell also hopes to see future industrial cooperation between the two countries. Mitchell was accompanied at the meeting by Bing F. Yen, director of the foreign ministry's Central and South American Affairs department.

Grenada, an island nation in the Caribbean Sea, established official diplomatic ties with the ROC in 1989. The ROC has signed an agricultural technology cooper-

ation agreement and an extradition treaty with the central American country.

Mitchell led an eight-member delegation to Taiwan on Tuesday [19 September] and will meet ranking ROC government officials during his week-long stay here.

Li Accepts Resignation of Control Yuan President
OW2109082095 Taipei CNA in English
0143 GMT 21 Sep 95

[By Yang I-feng]

[FBIS Transcribed Text] Taipei, Sept. 20 (CNA) — President Li Teng-hui approved the resignation of Control Yuan President Chen Li-an Wednesday [20 September]. The vice president of the Control Yuan, Cheng Shui-chih, will be acting president of the nation's highest watchdog body.

President Li also approved the resignation of Control Yuan Secretary-General Chen Fong-yi.

However, Chen said as he had not received the formal document approving his resignation yet from the presidential office, he will remain on duty until he delivers his post to Cheng on Saturday.

Chen also pointed out that he has no plan to meet with President Li in the near future.

Chen tendered his resignation from the Control Yuan presidency in a move that he said will draw a clear line between government employee and presidential hopeful.

Chen, son of the late Vice President Chen Cheng, dropped out of the ruling Kuomintang Party one day after he made public his presidential bid on Aug. 17. The Kuomintang has nominated incumbent president Li Teng-hui to represent the party in the March 23, 1996 election.

Chen has previously served in the positions of minister of defense, minister of economic affairs, chairman of the national science council, Kuomintang vice secretary-general and director-general of organization affairs department.

Hong Kong

Editorials View Legislative Council Election

Elections 'Unfair'

*HK2209050095 Hong Kong WEN WEI PO in Chinese
18 Sep 95 p A2*

[Editorial: "Unfair Elections"]

[FBIS Translated Text] The elections unilaterally arranged by the British Hong Kong government according to Chris Patten's "three-violations" program came to an end yesterday. The turnout rate of geographical direct elections was 35.79 percent, while that of the nine new functional constituencies was 38 percent. The former was several percentage points lower than the 39.15 percent for 1991 and the latter also lower than the figure for 1991, showing that the majority of the local population remained silent and indifferent to casting votes and overly drastic democracy. Patten insisted on holding elections in breach of the Sino-British Joint Declaration, the Basic Law, and the agreements reached between China and Britain under the excuse that "there is a strong appeal for direct elections" in Hong Kong. Facts have now proved that he only fabricated popular will.

Hong Kong has a population of 6.2 million, but only 920,000 people, including Filipino domestic helpers who have not acquired permanent Hong Kong citizenship and were not qualified to vote in 1991, took part in the direct elections on a geographical basis yesterday. The voters only accounted for 14.8 percent of the total population, so they could only represent a small number of people. More important, the elections were extremely unfair because they were arranged by Patten behind closed doors for a certain purpose. The electoral program, which changed the 1991 double-seat voting system, was tailored to the taste of the Democratic Party so that the "party would enjoy a monopoly" and that Patten would carry through all plans before Britons withdraw from Hong Kong.

The Basic Law, which was promulgated in 1990, clearly defines functional constituency elections, geographic direct elections, and the principles and essentials for the formation of election committees in light of the 1988 Hong Kong elections and in accordance with agreements on elections reached between China and Britain. But the British side suspended the talks over elections and unilaterally made arrangements entirely different from the Basic Law in terms of the council's structure and the voting methods, thus making the through train impossible. The British side's position was totally unreasonable. As everyone knows, the change

in 1997 means transfer of power and that the Letters Patent becomes invalid. Therefore, there is no legal basis for the voting system unilaterally introduced by Patten to remain effective after 1997, and also the three-tier structure formed in accordance with Patten's "three violations" constitutional reform package must cease operation with the end of the British rule. In 1997, Hong Kong's Legislative Council must be reorganized according to the Basic Law.

During the last Legislative Council elections under British rule, the colonial administration also tried its best to use administrative power to achieve intended results. In determining constituencies, the administration intentionally split the constituencies where many people cherish love for China and Hong Kong, changing them into constituencies unfavorable for them. Clear examples are: Outlying islands and Chai Wan went to different constituencies, Wan Chai merged with the eastern Mid-Levels district; and Sai Kung joined Sha Tin. Again, they lowered the age of voters from 21 to 18 so that government-run schools could influence the choice of young voters. In choosing the moderator and guests of the televised debate on the election, they clearly favored people supporting the Democratic Party. These people often raised questions to embarrass candidates loving the country and Hong Kong and even made lengthy unfounded charges against China, thus misleading voters. For example, they falsely said that the interim Legislative Council would be composed of "appointed" rather than elected members. The authorities also expanded the restricted area for campaigning as much as possible on the polling day to make it convenient for the Democratic Party to garner support by means of their political stars.

Voters in the outskirts usually do not vote for the Democratic Party. In this election, 110,000 voters were deprived of their right to vote, and most of them live in the outskirts. Their names mysteriously disappeared from the voter registry. According to a report, these voters have not relocated elsewhere, and they went to the polls in regional council elections in March. They, however, were deprived of their right to vote yesterday, and even officials of the Registration and Electoral Office said that the matter is beyond remedy. No wonder villagers of Wangtoishan flaunted a banner which reads "the British Hong Kong government is partial to the Democratic Party" in protest. Again, some elderly voters were fooled by working staff at the polling station and chose candidates they did not favor. The candidates' representatives responsible for supervising the election process could hardly discover the fraud immediately because they were restricted to a very small area. Some voters of the nine new constituencies did not have a good understanding of the candidates, not knowing their

names or understanding their political programs, so they could not make a reasonable choice. They wanted to cast a blank ballot to express their protest, but working staff at the polling center had the impudence to examine their voting intention and immediately annulled their votes. This is totally in violation of the principle of secret ballots and human rights. In short, yesterday's elections showed the world what Patten's "fair and open elections" are like. This is only a treacherous, confusing, and politics-playing show.

However, unfair as the elections were, candidates who love the country and Hong Kong managed to overcome difficulties and make breakthroughs.

When speaking on television during the elections, Patten responded to a XINHUA English dispatch. He simply tried to mislead voters by taking advantage of his position as governor. The 1995 Legislative Council can only function for 20 months and will come to a full stop on 30 June 1997 with the end of the British colonial rule over Hong Kong. This is no longer news. By telling other people that there will be a through train, Patten deceived himself as well as others.

No matter what happens, the post-1997 Legislative Council will certainly be set up in a more democratic way than it was under Patten's program, proportional participation by different social strata will be possible, and checks and balances and coordination between the legislature and the administration will be more reasonable. That Hong Kong will return to Chinese rule is a foregone conclusion. The Preparatory Committee of the Hong Kong Special Administrative Region (SAR) will be mainly responsible for the changeover and setting up of the SAR. Hong Kong people will vigorously support the Preparatory Committee and cooperate with it in its work in various fields to work for a better future.

Fair Election 'Impossible'

HK2209034095 Hong Kong TA KUNG PAO
in Chinese 19 Sep 95 p A2

[Editorial: "Nobody Can Change Overall Situation in Hong Kong, Which Has Already Been Settled"]

[FBIS Translated Text] Now that the last British Hong Kong Legislative Council [Legco] election is over, all parties are making an assessment of it.

As far as the love-China and love-Hong Kong people are concerned, apart from fulfilling their rights, undergoing training, and winning a certain number of seats in the election, they also have gained a better understanding of several issues.

First, it is impossible to have a fair election under the British colonial rule.

Let's not mention for the time being the issues, from the modes of election to the designation of geographical constituencies, which have been made to order for the so-called pro-democracy faction; even in the course of the election, the British Hong Kong authorities have also done something to create conditions for the victory of the so-called pro-democracy faction and set obstacles for candidates who love China and love Hong Kong. In the New Territories Northwest constituency, hundreds of voters in clear support of the love-China and love-Hong Kong candidate were unreasonably deprived of their right to vote, resulting in the victory of the Democratic Party candidate with a slim majority. In the Kowloon Southwest constituency, where the candidates of the Democratic Alliance for the Betterment of Hong Kong and the Democratic Party fiercely contested, there was serious fraud in which the number of votes cast outnumbered the number of voters by over 400. Can these examples show that the election is fair and clean?

Each particular plant yields its own particular fruit. Chris Patten's "three-violation" constitutional package cannot possibly produce a "three-conform" Legco in which all strata can participate in a balanced way, but will bring about a weird fetus of "one-party predominance." For this reason, the success of the "Democratic Party" in winning a few more seats conforms to the "reasoning" of Patten and colonialism.

Colonialism is most unfair in the world. Was it fair when it forcibly occupied China's territory with gunboats and directly and indirectly plundered the wealth here for a long time? Can we expect a colonialist governor representing British interests and making indiscreet remarks to give Hong Kong people a fair deal?

Second, drastic "democracy" is only favorable to those who are good at political stratagems and harbor political ambition to seize power.

Through efforts for a hundred and even several hundred years, the democratic countries have obtained what they regard as an ideal and mature pattern of democracy. But it is only in the last 10 years that there have been some democratic elections in Hong Kong. Patten was deceiving himself as well as others when he called the drastic "democracy" he pursued, i.e. a full direct election, as a "mature election."

The election practice has once again proven that Hong Kong people's democratic consciousness is still weak. The ratio of those actually voting to the registered voters is still very low. Despite repeated organizations and mobilizations, the voting rate in the Legco election is only 35.79 percent, more than 3 percent lower than it was four years ago. Some voters did not know who the

candidates were when arriving at the polling station and allowed themselves to be ordered about by others.

It is impossible for such an election, which is by no means mature, to become a democratic election genuinely reflecting popular will. But it has provided opportunities and conditions for those who curry favor by claptrap and are very crafty and ambitious to seize power for themselves personally or for their small groups. Patten has indeed taken great pains to impatiently turn into drastic democracy what can only be pursued in an orderly way and step by step.

Third, the election has once again proven the correctness of the decision of the National People's Congress [NPC] Standing Committee on reorganizing the three-tier structure after 1997.

Originally, for the sake of Hong Kong's stable transition, China hoped to reach, through talks with Britain, an agreement on the election arrangements, i.e. "through train" arrangements, which would conform to the Sino-British Joint Declaration, the principle of convergence with the Basic Law, and the agreements and understandings reached between China and Britain. However, owing to Britain's sabotage, the talks were forced to terminate and the conditions for the "through train" arrangements no longer existed. At that time, China pointed out that Britain's true objective was to deliberately manipulate elections under the pretense of developing democracy and to create division and chaos so that the last three-tier structure elections in the run-up to 1997 can yield results favorable to Britain and enable Britain to extend as far as possible its influence and manipulate Hong Kong's political situation beyond 1997.

Precisely because of this, the NPC Standing Committee made a decision on 3 August 1994 that the last British Hong Kong Legco would terminate on 30 June 1997 and that the first Legislature of the Hong Kong Special Administrative Region [SAR] would be formed by the Preparatory Committee of the Hong Kong SAR according to the relevant decisions of the NPC Standing Committee.

This election has enabled people to see clearly how the British Hong Kong authorities manipulated the election, created chaos, and tried by every possible means to produce results favorable to the pro-British and anti-China forces. Having expected the results long ago, the Chinese side has repeatedly affirmed its stand on reorganizing the three-tier structure after 1997 and frequently reminded Hong Kong people against being misled by Patten. In a sense, the election has given Hong Kong another class.

Patten was immensely pleased with the election results. He also called on "the international community and all sides to respect the election results." He believed that with the addition of a few followers in Legco he would have more capital with which to confront China, the stable transition of Hong Kong, and the administration of Hong Kong by Hong Kong people with patriots as the main body, and he would be able to have his way to substantially amend the original Hong Kong laws to facilitate the growth of pro-British and anti-China forces.

As the Preparatory Committee of the Hong Kong SAR will be set up early next year, the love-China and love-Hong Kong forces will undertake the heavy responsibility of making preparations for the setting up of the future SAR. In Hong Kong today, hoping for a stable transition and loving China and Hong Kong are the principal trends. Many of the elected last Legco members will set store by the interests of Hong Kong people and be willing to work for Hong Kong's return to China and implementation of the "one country, two systems." The addition of a few pro-British, anti-China figures in Legco will only add friction, but they will not get anywhere. Nobody can change the overall situation of Hong Kong, which has already been settled.

Results Favor 'Grassroots'

HK2009015095 Hong Kong SOUTH CHINA
MORNING POST in English 19 Sep 95 p 22

[Editorial: "Choppy Waters Ahead"]

[FBIS Transcribed Text] The idea that Hong Kong people are too busy making money to be interested in democracy has been a long-time dying. Sunday's election should kill it off. The voter turnout of 35.8 per cent in geographical constituencies and 39.2 per cent in the new functional constituencies will not break any international records. But it would not be regarded as disastrously low in the United States and no one seriously suggests Americans are not good democrats.

The Legco [Legislative Council] elections were a resounding testimony to Hong Kong's belief in itself, its right to a say in its own future and its preference for politicians with the strength to stand up for what they believe in. The result was not a landslide for anti-China politicians. Although the Democratic Party and its allies will be a formidable force in the legislature they face an equally powerful coalition of conservative and pro-China groups.

That is evidence of the strength of the democratic spirit. Those elected in these free and fair elections represent at least as wide a range of political opinion

as those installed by the previous mix of election and appointment.

What is good for democracy, however, is not necessarily good for smooth government under Hong Kong's peculiar colonial-style system. While the Democrats and their opponents may be fairly evenly balanced on relations with China, the new Legco alignment on social and economic issues strongly favours the "grassroots".

Unaccountable

But the administration remains unelected and unaccountable, despite the rhetoric about "open government" and legislative scrutiny. As such, it does not answer to grassroots opinion and is unlikely to appreciate Legco's input while many of the new legislators will be anxious to press for action on issues such as rising unemployment.

That is a problem inherent in the concept of "executive-led" Government enshrined in the Basic Law. Under a legislative structure in which the majority does not form the Government, elected politicians will enjoy influence and limited power without being able to assume true responsibility — and some will chafe at the frustrations which that entails. The Government will not, however, be able to ignore the views of those elected on Sunday to what promises to be a more activist legislature. The new electoral system was designed to give legitimacy to Legco and its members. That was achieved on Sunday. Neither China nor the British administration can ignore the result and its implications. As a result, governing Hong Kong and steering it towards 1997 will now need a lot more skill in negotiating and compromise. That is the kind of awkward outcome democracy sometimes produces.

Popular Support

The Governor will have to work carefully not to antagonise the legislature by regularly vetoing bills clearly enjoying popular support. He will also have to stand up to Legco when populist bills and motions conflict with the territory's more fundamental interests.

China, too, will have to take this legislature more seriously in practice if it is to retain respect from the people of Hong Kong. Beijing will have to deal with it more pragmatically in private than it plans to do in public. Merely establishing alternative regulatory bodies will not make this Legco go away. A puppet, "provisional" legislature appointed in its place will have no credibility and will not enjoy the support of a population which voted for a representative body this weekend.

Without flexibility on all sides, there will be continual clashes and showdowns which can only hamper the functioning of government. There is nothing surprising about this, given the nature of Hong Kong's political system which is bound to make for difficult co-existence between the appointed executive and a legislature in which floating coalitions will create ad hoc majorities that may oppose government policies.

There will be a steep learning curve on both sides over the coming months, which should include the future sovereign power. Dealing with this challenge cannot be shirked if Hong Kong is to come out of the transition to Chinese rule in the best possible shape and enjoy administrative stability in the final months of British sovereignty.

'Crucial Change' in Composition

HK2009015395 Hong Kong HONGKONG
STANDARD in English 19 Sep 95 p 10

[Editorial: "Legislators Must Preserve The Trust"]

[FBIS Transcribed Text] The votes have been cast and the ballots counted, some twice over. The last Legislative Council elections under British rule have been held.

Now the post-mortems begin and the obsequies are held. At least this much might be said for Sunday's elections: Even if voters did not turn up in huge numbers despite appeals from the government and others, it was conducted peacefully with only one or two minor incidents.

It is a tribute to Hong Kong, to the political parties, their supporters and the people generally that the ugly and often tragic violence that marks elections in some countries has not marred public participation in politics here.

Is that a sign of maturity that Hong Kong is ready for democracy, or just the inherent tendency of Hong Kong people to conduct such public exercises without emotional demonstrations?

Whatever the reason, the new legislature has now been elected and is ready to function. But how will it function? It is important to understand the crucial change that has occurred in the composition of the council.

The appointed members are gone. That was a means by which the Governor previously ensured that he had some legislators on whom he could count in a tight corner to push through controversial legislation.

That luxury is now gone. In terms of voting strength, the newly elected legislature seems fairly well-balanced ideologically, with independents from among the directly elected and the functional constituencies able to tilt the balance.

Naturally, competing parties as well as the government would try to woo them. It means that the administration would have to do much more work now to cultivate the legislators and establish a working relationship.

Governor Patten's political reforms were passed at a time when the Democrats and the Governor saw eye to eye on several political issues.

That situation has changed and Mr Patten and the Democrats, especially their leader Martin Lee, have more recently been on a collision course, particularly over the Court of Final Appeal.

That, however, should not get in the way of the proper functioning of the legislature. If the administration does come up with policies which are good for Hong Kong, particularly in the long term, they should have the support of the legislature.

Equally, if some of its policies are perceived to be detrimental to Hong Kong's interests, legislators must be courageous enough to say so and say so firmly.

What the Hong Kong people expect is a responsible legislature. They have chosen their representatives because they believe those elected can represent them best.

The legislators must now reciprocate the faith that has been placed in them and act responsibly. If they are constantly on a confrontation course with an executive-led administration, they will convince Beijing that a tight rein must be kept on the legislature.

The legislature must work within a system which is not merely enshrined in the Basic Law, but has been the foundation upon which Hong Kong's wealth and influence have been built. The new legislators, especially, needs to fully understand this relationship between the legislature and the executive if they are to preserve the special position of the territory in this region.

Patten Accused of Partiality

*HK2209034295 Hong Kong WEN WEI PO in Chinese
20 Sep 95 p A2*

[Editorial: "Post-Election Legislative Council Situation"]

[FBIS Translated Text] After the 17 September election, Hong Kong Governor Chris Patten spoke highly of Democratic Party leader Martin Lee Chu-ming for

having led the Democratic Party to score a "better-than-expected result" and said that "everybody should congratulate Martin Lee." Such a statement has clearly delineated his political attitude of being partial to the Democratic Party. The constitutional reform package has been designed by Patten to ensure that the Democratic Party can win a majority of seats; conversely, the Democratic Party, after entering the Legislative Council [Legco], will serve Patten's withdrawal plan of extending Britain's political influence, obstructing China from resuming the exercise of sovereignty over Hong Kong, and placing obstacles to a stable transition. There is nothing strange that master and servant should echo and support each other.

Before the election, the Hong Kong University's Research Center of Social Sciences constantly published so-called election surveys. It played down the love-China and love-Hong Kong candidates' support rates but exaggerated the Democratic Party's support rates to foster a herd mentality and erroneously guide undecided voters to the Democratic Party. On 15 September, the so-called survey even said that the support rate for the pro-China candidates was less than 5 percent while that for the Democratic Party was 30 percent, a sixfold difference. Such a survey has been proved to be wide of the mark by the election results.

It is by no means coincident that in the past two days some media which frequently reflect the intentions of the British Hong Kong authorities have given wide publicity to "sweeping victory for the Democratic Party and Waterloo for the Democratic Alliance for the Betterment of Hong Kong [DAB]." Their objective is still to create public opinion for the Democratic Party and vehemently prevent the love-China and love-Hong Kong political forces from taking part in Legco affairs.

All Hong Kong residents can clearly see that in the current election, the Democratic Party and the DAB were pitted against each other in four constituencies and resulted in a 2-2 draw, with Chan Yuan-han and Cheung Hon-chung defeating Mak Hoi-wa and Wong Sing-chi respectively, and Cheng Kai-nam and Tam Yiu-chung losing to Yeung Sum and Fred Li Wah-ming respectively. In two constituencies the DAB lost by only 2,000 votes. If the votes in the four constituencies were added together, the Democratic Party only won by 1,300-plus votes, which was a very close call indeed. Therefore, it is both wrong and groundless to arbitrarily assert that the pro-China forces found no support and that the DAB was soundly defeated. Compared with 1991, the rate of votes gained by the Democratic Party dropped drastically by 10 percentage points while that gained by the DAB rose by 15 percent. The fact that one has fallen and another has risen has so unnerved

the British Hong Kong authorities and the Democratic Party that they set the propaganda machine in motion to cover up the true picture.

In the wake of the 17 September election, changes have taken place in the Legco situation. In the 150-plus years of their rule in Hong Kong, the British have consistently discriminated against and prevented those people who love China and Hong Kong from participating in Legco affairs. They advocate a political concept regarding it as absolutely fair for Legco members to be pro-British and as traitorous and heretical for them to be pro-China. Since taking office as Hong Kong governor, Patten has applied his administrative edge and tried by every possible means to prevent the love-China and love-Hong Kong forces from joining Legco. Britain went back on its commitments made in the seven letters between Chinese and British foreign ministers and unilaterally terminated the talks on the 1994-95 elections because it wanted to establish, prior to its withdrawal, a set of mechanisms to support the Democratic Party and prevent the love-China and love-Hong Kong forces from entering Legco, making it easy for the British Hong Kong authorities to manipulate its operations. However, following the 17 September election, a number of love-China and love-Hong Kong people will enter Legco. The fact that the pro-China forces plus those calling for a stable transition account for half the Legco seats is clear proof that the love-China and love-Hong Kong camp is expanding and growing in strength.

Prior to this, Governor Patten was devoted only to "a single topic." He diverted the attention of society with political issues, ignored the economy and the people's livelihood, overlooked the issue of rising unemployment caused by economic conversion, and neglected taking positive measures to ensure a stable transition. After entering Legco, the love-China and love-Hong Kong forces should show more direct concern for the issue of stable transition and vigorously call on the British Hong Kong authorities to give priority to handling the worsening unemployment problem and to handle the question of economic conversion from a long-term perspective.

The curtain on the participation of love-China and love-Hong Kong forces in Hong Kong politics has been raised! As long as they carry forward the spirit of being the masters of their own country, they must be able to make contributions in promoting a stable transition and in urging Sino-British cooperation in the implementation of the Sino-British Joint Declaration and the Basic Law in the next 20 months of their terms of office.

Zhang Junsheng: Patten Derailed 'Through Train'
OW2109143195 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1201 GMT 18 Sep 95

[By reporter Shi Qingbin (2457 3237 1755)]

[FBIS Translated Text] Hong Kong, 18 Sep (XINHUA) — At a public occasion yesterday, Zhang Junsheng, deputy director of the Hong Kong Branch of the XINHUA News Agency, criticized the comment made by Governor Chris Patten yesterday on a XINHUA dispatch. Zhang Junsheng said that Chris Patten was mocking the intelligence of Hong Kong citizens when he urged people to take a "through train" that he had already dismantled.

Zhang Junsheng pointed out: Chris Patten harbored some motives when he promoted a "three violations" plan for the political system during this election. Why did he deliberately sabotage the "through train" plan — an agreement already reached by both Chinese and British sides? He sure has reasons for it, which constitutes a breach of faith and diplomatic faux pas.

Zhang Junsheng said: The Beijing XINHUA English dispatch says that the three-tier structure of the British Hong Kong Government formed in its last term should be reorganized after 1997. Such a reorganization is normal because the Chinese Government has made it clear many times. Did Chris Patten want the Chinese Government to go against the law when he demanded the Chinese Government to adopt this structure in Hong Kong after 1997?

While commenting on the results achieved by the Democratic Alliance for the Betterment of Hong Kong in the election, Zhang Junsheng said: It is simply surprising for a mass organization which has been formed for only three years to occupy six seats.

Impact of Convertible Yuan Discussed
MS2209091895 London THE TIMES in English 22 Sep 95 p 27

[Report by Colin Narbrough: "China's Ambitions Cast Doubt on HK Dollar's Future"]

[FBIS Transcribed Text] China has signalled that it could make its currency, the yuan, fully convertible by 1997, a development that throws into question the role of the Hong Kong dollar.

The Hong Kong Government has repeatedly reassured financial markets that its dollar, pegged at 7.80 to the US dollar since 1983, will endure well beyond the crown colony's handback to China in 1997.

Sir Hamish Macleod, who stepped down as Hong Kong's Financial Secretary this month as the last Briton to hold the post, said in farewell remarks that the Hong Kong dollar offered stability and was sustainable, in spite of predictions of volatility in the run-up to the handback to China.

Dai Xianglong, Governor of the People's Bank of China, speaking at a conference in Singapore, said China "should be able to achieve that goal (of full convertibility)" after three years of effort, but was unable to say whether it would be in 1997 or 1998.

The central banker pointed out that currency convertibility was a condition for Chinese entry to the multilateral trading system under the World Trade Organisation, which Beijing is keen to join as soon as possible.

The Hong Kong dollar has become a parallel currency to the yuan in much of southern China and senior Chinese officials have insisted that it will not be replaced by the yuan after 1997.

Some currency analysts believe that China will try quickly to repeg the Hong Kong currency to the convertible yuan rather than retain the US dollar link. But most analysts appear to believe that Beijing is likely to tackle the issue without undue haste.

The prospect of full yuan convertibility was welcomed by economists as a valuable disciplinary tool for the Chinese economy that may boost Hong Kong's financial services sector, as it will remain the centre of financial expertise long after the handback.

China's economic policies were given a glowing endorsement yesterday by James Wolfensohn, the World Bank President, who told a Beijing press conference that the country was pursuing the "right strategies to achieve economic development and lower inflation".

He said inflation would probably be brought down to 15 per cent this year and fall again next year. Mr Wolfensohn said he agreed with China's gradual approach to a shift from a planned economy to a market-oriented one.

Mr Dai said China expects economic growth to average 8-9 per cent a year over the next few years and its aim was to keep inflation within tolerable limits. He predicted an annual rate of 7 per cent next year; it hit 21.7 per cent last year.

Macao

Transition, Ties With Portugal Examined

OW2109131995 Beijing XINHUA in English
1229 GMT 21 Sep 95

[FBIS Transcribed Text] Macao, September 21 (XINHUA) — As China becomes more prosperous and powerful, Macao can be provided with a more powerful and reliable backing for smooth transition and long-term stability and development, a Chinese official said here today.

Wang Qiren, director of the XINHUA NEWS AGENCY Macao Branch, said at a news conference that, entering Macao's transitional period, the two governments of China and Portugal have maintained friendly cooperation, which promoted Macao social stability, economic development and handling of transitional affairs.

He pointed out, Sino-Portugal friendly cooperation over Macao issue conforms to long-terms interests of the two sides and is in keeping with the aspirations of the Macao residents and also an important condition for the smooth transition.

Wang said, in the remaining years before 1999, good cooperation between the two sides becomes more important, noting that the two sides should act in the spirit of the Sino-Portugal Joint Declaration and continue active and effective cooperation and discussion, to properly handle a series of transitional affairs.

He said, it is a common understanding that the proper handling of the three major transitional issues, namely localization of public servants and law and the officialization of Chinese language, is a must for the smooth transition in Macao. He expressed the hope that the Macao Government would map out, as quick as possible, plans to handle with these issues, which accord with regulations of the Sino-Portugal Joint Declaration and the needs of smooth transition.

Wang Qiren also stressed that it has become an important issue in the transitional period to promote sustained economic development in Macao, for it is also an important condition for realization of smooth transition.

He said, the Chinese Government is willing to continue good cooperation with the Portuguese Government and the Macao Government, to work as one with Macao people from all walks of life, in a bid to create conditions for the smooth transition.

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